

**THE FY 1999 - FY 2003  
COUNTRY STRATEGY  
FOR USAID IN MEXICO**

*May 8, 1998*

# **NEW PARTNERS: THE FY 1999 - FY 2003**

## **STRATEGY FOR USAID IN MEXICO**

"The Summit of the Americas in Miami set an ambitious agenda to create free trade throughout the hemisphere and to cooperate... We are becoming more interdependent... With our long border, rich history, and complex challenges, Mexico and the United States have a special responsibility to work together... Our partnership -- for freedom, democracy and prosperity, and against organized crime and environmental decay -- is fundamental to the future of the American people and the Mexican people... The development of democracy requires the sustainable development of our natural resources... We can bridge the divides of culture, history and geography to achieve Juárez's noble vision of respect and peace, rule of law, prosperity, good health and a clean environment."

*President William J. Clinton, Mexico City, May 7, 1997*

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**FIGURE 1**

**COMMON OBJECTIVES:**  
*Summit of the Americas, Government of Mexico, and U.S. Mission Mexico Program*

<b>SUMMIT OF THE AMERICAS</b>	<b>U.S. EMBASSY MISSION PROGRAM PLAN (MPP) and USAID AGENCY GOALS</b>	<b>GOM GOALS AND PROGRAMS</b>	<b>USAID/MEXICO STRATEGIC OBJECTIVES AND RESULTS</b>
<p><b>ENVIRONMENT</b></p> <p><b>IV.</b> Guaranteeing sustainable development and conserving our natural environment for future generations:</p> <p>21. Partnership for sustainable energy use.</p> <p>22. Biodiversity partnership.</p> <p>23. Pollution prevention partnership.</p>	<p>MPP: Support Mexican efforts towards sustainable development, protection of biodiversity and mitigation of global warming.</p> <p>USAID: Protect the world's environment for long-term sustainability.</p> <p>-Reduce the threat of GCC.</p> <p>-Conserve biodiversity.</p> <p>-Increased provision of environmentally sound energy.</p> <p>-Support Mexican and regional efforts to promote sustainable development and to reduce migration to the US.</p>	<p>Sustainable Development:</p> <p>-Biodiversity conservation and the national protected areas system.</p> <p>-Marine resources and coastal ecosystems.</p> <p>-Urban development.</p> <p>-Legal, regulatory and institutional development.</p> <p>-Industrial growth.</p> <p>-International cooperation.</p> <p>-Decentralization.</p>	<p><b>SO1. Critical Ecosystems and Biological Resources Conserved.</b></p> <p><b>SO2. Carbon Dioxide Emissions and Pollution Reduced.</b></p>
<p><b>DEMOCRACY</b></p> <p><b>I.</b> Preserving and strengthening the community of democracies of the Americas:</p> <p>1. Strengthening democracy.</p> <p>2. Promoting and protecting human rights.</p> <p>3. Invigorating society-community participation.</p>	<p>MPP: Continued consolidation of Mexico's democratic institutions.</p> <p>USAID: Strengthened democracy and good governance:</p> <p>-Strengthened rule of law and respect for human rights.</p> <p>-Strengthen municipal administration.</p> <p>-Provide technical assistance to the Congress.</p> <p>-Promote the development of politically active civil society.</p> <p>-Insure elections are free and fair.</p>	<p>Democratic Development:</p> <p>A society of rule of law.</p> <p>-New federalism.</p> <p>-Municipal participation in development.</p> <p>-Legislative power.</p>	<p><b>SO3. Strengthened and More Responsive Democratic Institutions and Citizenry.</b></p>
<p><b>HEALTH</b></p> <p><b>III.</b> Eradicating poverty and discrimination in our hemisphere:</p> <p>17. Equitable access to basic health services: (Reproductive health, universal access, quality assurance, family planning, clinical and public health services for HIV/AIDS prevention, greater use of non-government organizations.)</p>	<p>MPP: Promote GOM support/collaboration on global surveillance and response to infectious disease threats-TB, HIV/AIDS, malaria, etc.</p> <p>USAID: protect human health.</p> <p>-Reduce HIV transmission</p> <p>-Improved quality of family planning services and policy environment.</p> <p>-Strengthened local capacity to prevent infection.</p>	<p>Health:</p> <p>-Influence the vicious cycle of poverty and demographic lag, encourage reduction in demographic growth, improve attention to vulnerable groups, adolescents and indigenous people, incorporate a gender perspective.</p> <p>Reform national health system: HIV/AIDS.</p> <p>-Greater efficiency of states in resources management.</p> <p>-Increased cooperation with NGOs.</p> <p>-Integrate prevention and control programs.</p>	<p><b>SO4. Enhanced Access, Quality and Sustainability of HIV/AIDS Services and Information for Vulnerable Populations in Targeted Areas.</b></p> <p><b>SpO1. Sustained improvement in the quality of reproductive health services.</b></p>

# **PART I: Summary Analysis of Assistance Environment and Rationale for Focusing Assistance in Particular Areas**

## **A. U.S. Foreign Policy Interests in Mexico**

There are eight reasons for a close, full-partnership relationship between the U.S. and Mexico. As a premier development agency, USAID's participation in that relationship is essential. In addition, the defense requirements for the U.S., should we have an unstable society on our border, and the prospects of the migration of millions across our frontier are the principal reasons to maintain a politically stable, and growing economy in Mexico.

**1. *Our Common Border.*** The United States shares a 2,000 mile border with Mexico, the longest political border in the world between a post-industrialized country and a developing nation. Because of this common border, the U.S. and Mexico are interdependent to a much higher degree than the U.S. and any other developing country. The political and economic stability of Mexico, the quality of its natural environment, the health and socioeconomic status of its inhabitants, and the perception of our citizens of U.S.-Mexican relations directly affect the United States.

Both the U.S. and Mexico recognize this interdependence. For over twenty years both countries have met annually at the presidential or cabinet level to review progress on matters of mutual concern. Mexico is the only country with which the U.S. shares such a bilateral dialogue. This interdependence requires USAID to provide strong support for U.S. policy interests in Mexico.

**2. *Our Economic Interdependence.*** Mexico is our second largest trading partner with over \$160 billion in trade in 1996 and \$150 billion in 1997, accounting for approximately 2,850,000 U.S. jobs (based on U.S. Foreign Commerce Services estimate).

**3. *Our Common Heritage.*** Our social and cultural links with Mexico date back over 400 years. U.S. citizens and residents of Mexican descent total nearly 20 million, 8 percent of the U.S. population, and 600,000 U.S. citizens reside permanently in Mexico. In 1996, 300 million people crossed our common border.

**4. *Our Health Interdependence.*** The number and frequency of border contacts inseparably link the health of our two countries. The HIV virus, almost unknown 10 years ago in Mexico, now infects the third-largest number of persons in the western hemisphere (after the U.S. and Brazil). It is carried both ways across the border. Approximately 25 percent of AIDS cases in rural parts of Mexico are among poor, often indigenous Mexicans who travel to the U.S. in search of work.

**5. *Our Environmental Interdependence.*** The success of biodiversity conservation in the U.S. is tightly linked to that in Mexico since our migratory bird, mammal, and fish populations have no political boundaries. Nor do geographic boundaries contain the waste-products of our industrial

societies, including greenhouse gases and degraded air and water. The 17 million who live in Mexican forests are among the poorest of the poor; they use soils and other natural resources extensively in their informal and subsistence economies, influencing U.S. efforts to protect the environment in the U.S. Poverty and rural energy needs also drive the destruction of these forests, estimated at 250 to 600 thousand hectares per year, one of the world's highest rates. Every year, about one million undocumented Mexican citizens cross the U.S. border, many of whom abandon their land in Mexico because of desertification, erosion, and overuse. Application of energy and environmental technologies and services, and cooperation in the solution of environmental problems represent a multi-billion dollar market for the U.S., and important development and employment opportunities on both sides of the border. USAID support for "green" and "brown" environmental issues will help relieve some of the pressures forcing people to abandon their land and migrate to urban centers in Mexico or the U.S.

**6. *Our Interdependence in the War on Drugs.*** Narcotics consumed in the United States and produced in or trafficked through Mexico are a critical threat to health, democracy and social stability in both countries. USAID/Mexico's support of the Mexican efforts to strengthen its justice sector at the national level directly addresses the narcotics problem by advancing the reforms needed to help Mexicans combat drugs and public safety concerns, as well as bolstering Mexico's response to democracy, human rights and corruption concerns. Support of similar Congressional initiatives and support for improved efficiency of local municipal governments and their responsiveness to needs and priorities of citizens are vital foundations of building civil society.

**7. *Our Shared Concern with the Poor.*** Mexico's growing economy masks great poverty and worsening income distribution that have a geographic and an ethnic face. Despite recent economic growth, 26 percent of Mexico's population (23.7 million persons) lives in poverty of which 17 percent or 15.5 million are living in extreme poverty based on recent World Bank studies. Mexico is one of only three countries in the Western Hemisphere whose income distribution has steadily worsened each year since 1985. The wealthiest 10 percent of Mexico's population control 41 percent of national income, while the poorest 60 percent receive just 23 percent (World Bank 1997). Real wages have fallen by 20 percent since the peso crisis of late 1994. Today's daily minimum wage of 30.5 Mexican pesos is equivalent only to about \$3.50.

Poverty in Mexico is concentrated in its southern states, which contain a high proportion of the 20 million Mexicans classified as *indígenas*, who tend to be exploited by the wealthy and politically powerful classes. Specifically, Chiapas, Oaxaca, Guerrero, Michoacán, and several other southern states are Mexico's poorest, and real wages and family incomes are falling considerably faster than the national average. Up to 40 percent of the populations in these states predominantly speak an indigenous language. Three of four *indígenas* are malnourished, 43 percent are illiterate, and 43 percent earn less than the \$3.50 daily minimum wage. These groups are excluded from the most basic social services, such as preventive health care, access to courts, education, and other amenities of modern life. An estimated 70,000 rural Mexican communities are not connected to the national electric power grid.

**8. *Our Domestic Political Interdependence.*** The factors discussed above are issues of wide public



concern in the United States. USAID has a comparative advantage to work with Mexico in a mature partnership to address aspects of all of these factors.

In summary, activities under each of USAID/Mexico's proposed goal areas -- environment, democracy, and health -- address problems and opportunities that are central to different aspects of each of the seven the U.S. national interests established through the U.S. Strategic Plan for International Affairs (SPIA). They also support 15 of the 16 strategies identified in the SPIA. The sole exception is strategy 2, eliminate the threat to the United States and its allies from weapons of mass destruction or destabilizing conventional arms. They also are consistent with the Agency's overall goals and objectives.

## **B. Overview of Recent Developments**

**1. *Economic Situation: Growth with Accelerating Poverty.*** Mexico's current macroeconomic statistics describe a strengthening and growing economy. With a 1997 GDP of \$395 billion and a per capita income of about \$3,600, Mexico is among Latin America's wealthier countries (INEGI 1997; U. S. Embassy 1997). The distribution of that wealth, however, remains a concern (as demonstrated by the continued instability in Southern Mexico and pervasive crime and corruption throughout Mexico). Mexico has recovered from the 1995-96 peso crisis, with overall real GDP growth at 7 percent in 1997 and projected to average 5 percent over the 1998 to 2000 period. However, its current account was slightly in deficit in 1997. Mexico's growth was led by rapid trade growth under NAFTA and continued net positive direct foreign investments of \$8 billion in 1997. In 1996, the primary public sector was in surplus, while the overall 1997 public sector deficit is projected at just 0.5% of GDP. The annual rate of inflation fell to 15.7 percent at the end of 1997, much lower than rates in 1995 (52 percent) and 1996 (27 percent). In October 1997, after the world's stock markets had corrected following currency uncertainty in Asia, the Mexican Bolsa Index was still 50 percent higher than the highest level reached before the 1994 peso devaluation. In 1997, the Mexican Bolsa index had a better percentage increase than any other stock market in the world. Mexico is the first Latin American member of the General Agreement on Tariffs and Trade (GATT), a full member of the North American Free Trade Area (NAFTA), and, as of August 1997, the second-largest export market of the United States (after Canada): total U. S. - Mexican trade totaled over \$150 billion in 1997.

Despite Mexico's recent macro-economic success, of special concern is that its growing economy masks great poverty and worsening income distribution that have a geographic and an ethnic face impacting most heavily on the indigenous and poorer southern states. The inequitable distribution of national income is producing social polarization throughout Mexico. This polarization threatens Mexico's democratic opening and stimulates millions of poor Mexicans to migrate, thus posing health and social threats to the U.S. The activities pursued in advancing the Strategic Objectives proposed in this Country Strategy will contribute to mitigate this threat.

**2. *A Critical Environment.*** Mexico is one of Latin America's most urbanized countries. Fossil fuels (coal, oil, and natural gas) generate about 55% of Mexico's electricity. Mexico is a high per-capita consumer of this type of energy, with energy intensity in manufacturing two to four times

higher than in the U.S. and Canada. As a result, Mexico is one of the six key Global Climate Change countries and currently ranks third among all developing countries for greenhouse gas emissions. About two-thirds of these emissions come from the energy sector and one-third from deforestation and slash-and-burn agriculture. Urban pollution, to a large degree a result of poverty and inefficient energy and production systems, puts all members of urban society at risk.

Mexico is the fourth-most biologically diverse country in the world and is one of the world's ten megadiversity countries, of which only two others are located in the Western Hemisphere. Mexico contains more than ten percent of the earth's vertebrate species and half of its amphibian and reptile species, while nearly one-third of its vertebrates and one-half of its plant species are endemic. Mexico also contains about 34 million hectares of forests, despite having lost 1.5 million hectares in the past 20 years.

**3. *A Fragile Democratic Opening.*** Mexico has begun to move towards a truly pluralistic, open democracy. The lower chamber of the national congress, six states, and Mexico City are controlled by opposition political parties. The opening in the sharing of political power in Mexico, where the ruling PRI party (Institutional Revolutionary Party) has dominated for more than sixty years, has initiated greater political competition, greater access to justice, and the devolution of power to citizens at the state and local government levels. The federal government is beginning to transfer functions and responsibilities, including the transfer of resources to states and local governments. The number of citizen groups concerned with enhancing democracy is rapidly expanding. In this climate of change, democratic reforms are advancing in Mexico, and key sectors have demonstrated a commitment to change.

Serious obstacles remain, however. Rule of law and administration of justice are areas of acute citizen discontent in Mexico, with the press reporting daily incidents of vigilantism and the subversion of democratic processes, especially by corrupt police as well as criminals many of whom are associated with narcotics production and trafficking. Local governments lack effective power and resources, and citizens still lack the means of political participation and empowerment to determine their own futures.

The next few years present an historic opportunity for the U.S. to work with Mexico pursue its initiatives for a more democratic, participatory society. Only recently have Mexicans shown a willingness to draw on U.S. experience and assistance in this area, although we do not know how long this "window" for collaboration will remain open. Using its equal partners approach, USAID has an opportunity to catalyze Mexican initiatives in rule of law, democratization, and citizen participation as the country pursues its own political reforms.

**4. *Our Common Health Concerns.*** The current and future health status of both U.S. and Mexican citizens is closely linked through the spread of HIV/AIDS and other infectious diseases. Diseases cannot be contained by political boundaries, and there is growing recognition that disease transmission across the globe poses a risk to the U.S. population, both at home and when traveling abroad. Mexico and the U.S. share a 2,000 mile border and large circular flows of population due to business, trade, tourism, family ties and labor migration. Mexico is also an important transit country

for immigrants from Central America entering the U.S.

One of the areas of increasing attention is the incidence of drug-resistant strains of tuberculosis and other infectious diseases in border areas. Given the significant problem of tuberculosis in Mexico and the implications for migration to the U.S., assistance to Mexico to strengthen the tuberculosis program as well as a very defined effort in the border states, is currently being studied. Preliminary discussions between USAID and the Mexican Ministry of Health (MOH) have led to a determination that there is interest on the part of the MOH to request USAID participation in a possible joint effort. Once there is a clear definition of the problem, each government's role, and the activities of other donors, details on possible areas of collaboration in screening, diagnosis, and surveillance will be determined. USAID/Mexico will seek the advice of the LAC and Global Bureaus as to appropriate follow-on actions.

In addition, the large flows of people between our two countries facilitate the spread of HIV/AIDS and other communicable diseases, and demonstrate the need to work in partnership with Mexico in order to curb the spread of HIV/AIDS. Improving the quality of public and private HIV/AIDS services in Mexico will mitigate the effects of the HIV epidemic in Mexico while helping to ensure that Mexicans who come to the U.S. are better prepared for prevention. The Country Strategy's proposed health investments are a constructive demonstration of U.S. commitment to work in partnership with our neighbors to deal with a shared health problem, and a vital investment in protecting the health of U.S. citizens.

As of December 31, 1997, the estimated number of AIDS cases in Mexico was 53,000. An additional 200,000 people are living with the HIV virus in Mexico, making it the country with the third largest HIV/AIDS reservoir in the Americas. By contrast, there are about one-third as many cases in (12,000 to 15,000) in the seven Central American countries.

Although the largest number of reported cases is among urban males, AIDS is increasing steadily among women, as sexual transmission replaces blood transfusion as the largest source of new infections in women. AIDS is increasing most rapidly in rural west and south-central Mexico which have highly mobile populations. The number of new cases in these areas is doubling every eight months, or at double the national rate.

AIDS is viewed as the most complex public health problem facing Mexico today. As in the U.S., AIDS is disproportionately affecting the poor and the marginalized since lack of education and limited access to information and services are cofactors that increase vulnerability. Although the Mexican health establishments spent nearly \$80 million on AIDS in 1995, only \$13 million were spent on programs to prevent sexual transmission. AIDS is clearly a program area where a small amount of USAID resources has the potential to leverage considerable results.

### **C. Collaboration with Customers and Partners**

This Country Strategy was developed in close collaboration with our customers and partners, including the Mexican government, international organizations, various NGOs and research

organizations, the U.S. Embassy, and Global and LAC bureau colleagues. Upon its approval and during its implementation, discussions will be held with Mexican private and public sector representatives and the U.S. Embassy to develop a customer service plan to assure continued consistency with the policies, vision, and priorities of our customers.

**1. *Environment.*** Two planning groups, one in climate change and the other in biodiversity, help prioritize and keep current the over-arching strategy for the two Environment Strategic Objectives. In addition, group and individual planning sessions were held with principal partner organizations across all sectors to agree on objectives, expected results, and indicators.

**2. *Democracy.*** USAID Global and LAC partners carried out three democracy sector assessments which formed the basis for the Democracy Strategic Objective and results framework. Mexican partner and customer organizations designed specific activities in each IR to address their needs.

**3. *Health-HIV/AIDS.*** The Mexican National AIDS Prevention and Control Program (CONASIDA) participated at each step of the strategic planning process in developing the HIV/AIDS strategy and the results framework. Representatives of the Global Bureau's Population, Health and Nutrition Office (G/PHN/HN), the LAC Bureau, and the Futures Group provided advice and assistance in developing Intermediate Results. These discussions helped define areas of mutual priorities, and the respective roles of partner organizations. They also highlighted a new openness to collaboration by the Government of Mexico (GOM). Several areas of need were identified where USAID has special capacity to assist, such as improved strategic planning, management, research, evaluation, and strengthening of the policy environment. Our strategic emphasis on access, quality and sustainability of information and services grew out of this collaborative process.

**4. *Health-Quality of Reproductive Health Services.*** The GOM counterparts participating in the population SO and the proposed new Special Objective participated in developing the strategy and the results framework. USAID Global and LAC partners also contributed substantially to the development of the Special Objective.

## **PART II: Proposed Strategic Plan for USAID/Mexico**

### **A. Linkage of the Strategy to Agency Goals and Objectives**

USAID/Mexico's proposed focus areas (see Figure 2) -- environment, democracy, and health -- and the activities to be pursued in concert with Mexico as a full, mature partner are directly supportive of aspects of five of the Agency's Strategic Plan goals: 1) The world's environment protected for long-term sustainability; 2) Democracy and good governance strengthened; 3) World population stabilized and human health protected; 4) Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development reestablished; and 5) USAID remains a premier development agency. Implementation actions under our Strategic Objectives will advance the Agency's goals of broad-based economic growth and agricultural development encouraged; and Human capacity built through education and training. Since Mexico, directly and through support of other donors, has many of the financial, technical and human resources needed to pursue broad-based economic growth and agricultural development, build human capacity, stabilize population growth, and deal with disasters, USAID/Mexico's contributions in these areas, if any, would be limited.

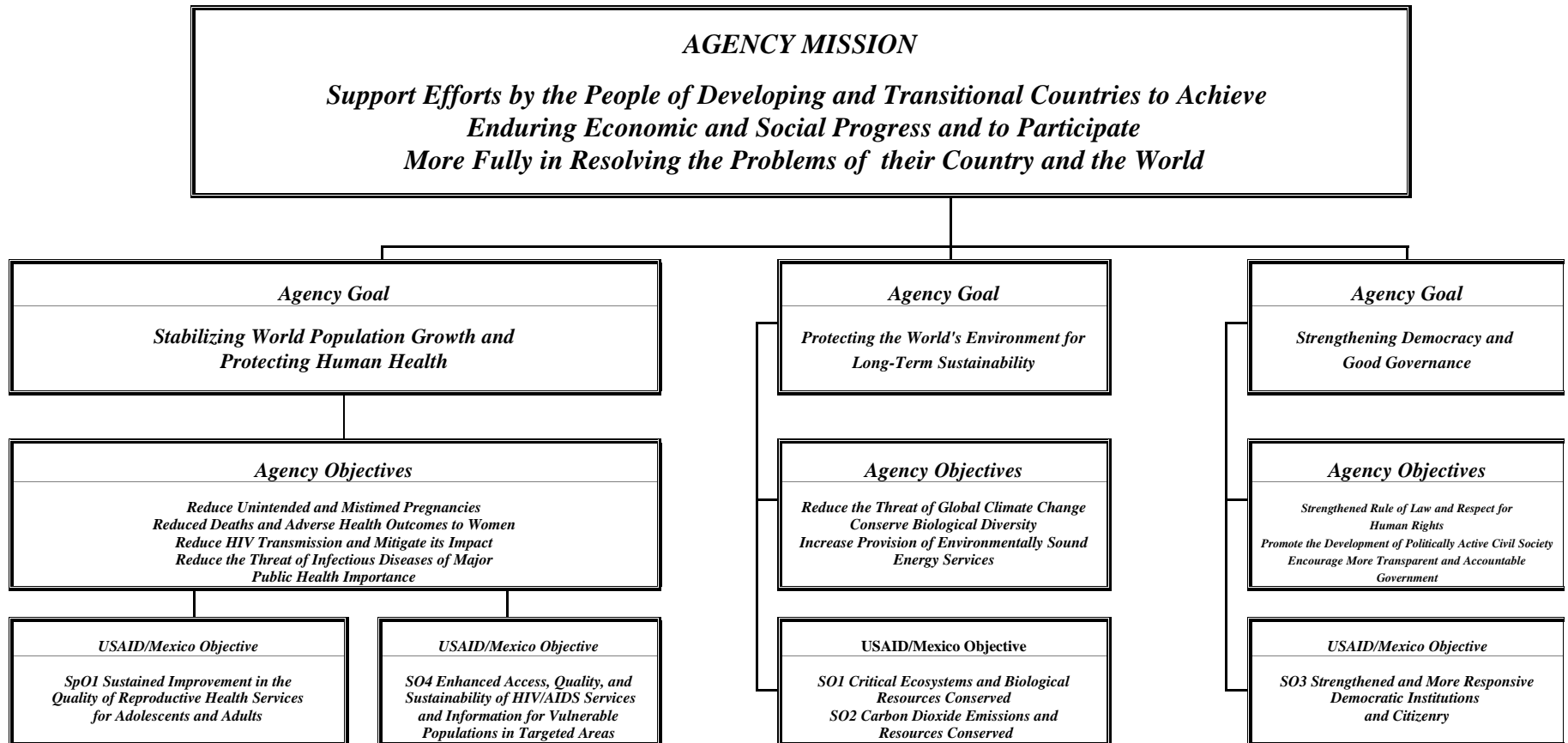
USAID/Mexico's proposed environmental strategy directly supports the Agency's Goal No. 5: The world's environment protected for long-term sustainability. It contributes directly to five of the principal environmental objectives: climate change, biodiversity conservation, sustainable urbanization with pollution prevention, sound energy services, and sustainable resource management.

USAID/Mexico's proposed Democracy and Governance Strategy directly supports the Agency's Goal No. 2: Democracy and good governance strengthened. It also contributes to the following broader United States policy goals in Mexico: commercial linkages and the promotion of U.S. economic interests; counter-narcotics; democracy; environmental protection; and local government cooperation along the border. The USAID/Mexico program also supports the Summit of the Americas Action Item Number One: to "Preserve and Strengthen the Community of Democracies of the Americas." The next five to eight years present an historic opportunity to support the development of democratic institutions in Mexico.

The proposed USAID/Mexico Strategic Objective for HIV/AIDS directly supports Agency Goal No. 4: World population stabilized and human health protected, and the Agency Objective: To increase the use of improved, effective and sustainable responses to reduce HIV transmission and to mitigate the impact of the HIV/AIDS epidemic. It is consistent with the initiatives of the Paris AIDS Summit of 1994, the Beijing and Cairo Conferences, the U.S. International Strategy on HIV/AIDS, and the Summit of the Americas Plan of Action in that it will promote Mexico's capacity to ensure equitable access to basic health services, a greater participation in the policy process, and increased political commitment of leaders to curb the spread and mitigate the impact of HIV/AIDS.

The proposed USAID/Mexico Special Objective for improving the quality of reproductive health services directly supports Agency Goal No. 4: World population stabilized and human health

## *LINKAGE OF USAID/MEXICO STRATEGY TO AGENCY GOALS AND OBJECTIVES*



**FIGURE 2**

protected, and the Agency objectives of reducing unintended and mistimed pregnancies, through: a) improved quality, availability, acceptability, and sustainability of voluntary family planning services, and b) improved policy environment for the provision of voluntary family planning and related reproductive health services. It is also consistent with the Summit of the Americas Plan of Action, to ensure equitable access to basic health services. Lastly, Mexico is a signatory of the International Population Conference in Cairo Plan of Action, that focuses on reproductive health and reproductive rights, including emphasis on ensuring client perspectives of quality of care.

## **B. Host Country Goals and Subgoals**

The Common Objectives table (see Figure 1) illustrates the linkage between Mexican goals and programs and the Strategic Objectives and results proposed in this USAID/Mexico Country Strategy. Given that USAID is unlikely to have the resources necessary to support all of Mexico's goals and programs, the Country Strategy proposes to channel targeted resources to capable Mexican partners to serve as a catalyst for development and to address specific needs identified by the Mexicans. USAID's assistance will be placed only where it is clearly wanted, and where recipient organizations demonstrate commitment to change and improvement. Mexico's development financing needs run in the billions of dollars. No donor, including USAID and the International Finance Institutions, can pretend to meet all or even a major portion of this requirement. USAID's financial investment will remain relatively small but will leverage significant results in our areas of involvement. Carefully targeted technical assistance will strengthen Mexico's own resources and development efforts. This is the core of USAID/Mexico's new partners approach, the only approach which we believe is likely to be successful in Mexico.

The environment program proposed in this Country Strategy coincides with key elements of GOM environmental plans. For example, the strategy contributes directly to seven of the highest priority areas in the GOM's National Development Plan and 1995-2000 Environment Program: 1) biodiversity conservation and the National Protected Areas System; 2) marine resources and coastal ecosystems; 3) urban development; 4) industrial growth; 5) legal, regulatory and institutional development; 6) international cooperation; and 7) decentralization.

While meeting U.S. priorities, the USAID Democracy and Governance strategy complements the Government of Mexico's own priorities for democratization. The Government of Mexico's 1995-2000 National Development Plan covers the same areas to which USAID's strategy will contribute: definitive electoral reform; a more equal relationship between the Executive, the Congress and the Judiciary; a "New Federalism" which will address devolution of some powers to state and local governments; a strengthening of state and local government capacities; social participation through defining of the relationship between government, civil society and citizens; and government reform through addressing issues of transparency and use of public resources.

The USAID/Mexico HIV/AIDS Strategy is congruent with the Mexican Ministry of Health 1997 Program, developed within the framework of the National Development Plan 1995-2000. The Plan calls for improving the quality of medical services, and extending health coverage to poor, marginalized areas. The HIV/AIDS Strategy is consistent with the Trilateral Agreement signed by

the Ministers of Health of Canada and Mexico and the Secretary of Health and Human Services of the United States in July 1996, which pledges increased cooperation among the three North American countries toward mitigating the effects of the HIV/AIDS pandemic. The policy component of the HIV/AIDS Strategy supports health reform and the decentralization process by strengthening strategic planning at the state level.

The proposed transition plan of the USAID/Mexico population program is consistent with the Government of Mexico's priorities for action in the areas of population and health as established in the National Development Plan, with relevant goals to improve the quality of health services; and to place priority attention to population groups of greatest economic and social disadvantage. Mexico's action plan for population is clearly outlined in the National Population Program 1995-2000. Family planning and reproductive health goals outlined include improving the quality of family planning and reproductive health services and safeguarding free and informed choice by providing counseling and information to users. The transition plan is also consistent with Mexico's Reproductive Health and Family Planning Program 1995-2000, which established priorities for guaranteeing universal access to high quality family planning information and services, and that allows for exercising one's right to decide the number and spacing of one's children.

### **C. STRATEGY: Strategic Objective and Development Hypothesis Statements**

The Strategic Objectives presented in this chapter reflect the sustainable development needs of Mexico, the U.S. foreign policy priorities for Mexico as established in the SPIA and defined by the Embassy's sectoral cluster groups in which USAID participates; USAID Agency Strategic Plan Goals; the priorities and initiatives of our Mexican partners; and areas not covered in the programs of other major donors. For the strategic planning period (FY 1999-FY 2003), USAID/Mexico proposes four Strategic Objectives, and one Special Objective:

#### **1. Agency Goal: The World's Environment Protected for Long-Term Sustainability**

##### ***Mission SO 1 Critical Ecosystems and Biological Resources Conserved***

*Development Hypothesis:* Support of Biodiversity Conservation in Mexico will lead to enhanced environmental management, protection of shared biological/genetic resources, increased quality of life both in the U.S. and Mexico, reduced illegal migration, and a greater likelihood of both nations reaching their shared sustainable development goals.

##### ***Mission SO 2 Carbon Dioxide Emissions and Pollution Reduced***

*Development Hypothesis:* Preventing pollution and mitigating the effects of global climate change in Mexico will lead to enhanced environmental management and protection, reduced health risks, sustainability of industrial production process, increased quality of life in the U.S. and Mexico, and a greater likelihood of both nations reaching their shared sustainable development goals.



**2. Agency Goal: Democracy and Good Governance Strengthened**

*Mission SO 3 Strengthened and More Responsive Democratic Institutions and Citizenry*

*Development Hypothesis:* Support for democratic reform initiatives led by Mexican citizens and key areas of the public sector will lead to stronger democratic institutions and a government which will absorb and meet citizen demands by peaceful means; create a stable trade and investment environment; develop a political climate more able to address issues of public security, poverty alleviation and economic opportunities for Mexico's migrating poor; and meet cross-border demand for environmental protection.

**3. Agency Goal: World Population Stabilized and Human Health Protected**

*Mission SO 4 Enhanced Access, Quality, and Sustainability of HIV/AIDS Services and Information for Vulnerable Populations in Targeted Areas*

*Development Hypothesis:* Enhanced access to, and quality of HIV/AIDS/STI information and services will lead to increased use of the information and services, and ultimately to more effective HIV/AIDS prevention.

**4. Agency Goal: World Population Stabilized and Human Health Protected**

*Mission SpO 1 Sustained improvement in the quality of reproductive health services*

*Development Hypothesis:* Sustained improvement in the quality of reproductive health services will lead to more knowledgeable reproductive health clients and service providers, and will result in improved lives for Mexican men and women and stronger health institutions.

Assistance in these goal areas is called for in the Summit of the Americas Action Plan, the National Development Plan and Goals of the Government of Mexico, the United States Embassy Mission Program Plan for Mexico, and the USAID Agency Strategic Plan. These programs are directly supportive of U.S. and Mexican national and strategic interests. In addition to the benefits to Mexico, the programs increase economic opportunities for U.S. business, reduce the entry of drugs into the country, minimize the impact of international crime, and strengthen adherence to democratic practices and respect for law and human rights. In addition, they are targeted to address global issues: secure a sustainable global environment to protect U.S. citizens from the effects of international environmental degradation; and to protect human health and reduce the spread of infectious diseases.

# **1. AGENCY GOAL: ENVIRONMENT PROTECTED FOR LONG-TERM SUSTAINABILITY**

## **Overview**

The June 1996, USAID Environmental Strategy for Mexico, prepared with the active participation of the Mission, LAC, and Global Bureaus, concluded that the well-being of the environment in Mexico is more important than that of any other country in the world to the national interests of the U.S., and that the ongoing USAID environmental program in Mexico was both sound and strategic. The following analysis updates this strategic vision, and, subsequent to extensive consultations with both the LAC and Global Bureaus, presents the reconfiguration of the program under two Strategic Objectives: 1) Critical ecosystems and biological resource conserved, and, 2) Carbon dioxide emissions and pollution reduced. All primary activities within the ENV portfolio will continue to use the following sequential approach to assistance that fosters sustainability and success: 1) the development of pilot projects; 2) the demonstration of the feasibility and benefits of practices and technologies, leading to the adoption of these pilots; 3) the replication of these "model" experiences by leveraging host country human and financial resources (sometimes complemented by multilateral funding); and 4) through this process, the development of a permanent Mexican institutional capability with partners who will carry on with the strategic effort. A summary of the key results achieved from the initial phase of the environmental program (1992-1997) are presented in Figure 3, and a summary of proposed programmatic changes is presented in Figure 4.

Both SOs contribute to USAID's climate change program. Mexico, a key climate change country, has established a Climate Change Office and is establishing a voluntary mitigation program, which provides incentives for private companies to voluntarily adopt clean energy and production practices. Mitigating climate change can be accomplished by reducing greenhouse gas emissions directly, for example, by using energy more efficiently, and also by protecting ecosystems that naturally take up carbon dioxide (the major greenhouse gas) through plant photosynthesis and biomass accumulation, for example, through forest regrowth. These are the 'brown' and 'green' sides of mitigation, both of which Mexico's Climate Change Office recognizes as essential components of the country's mitigation effort. USAID/Mexico is an important and respected partner in this effort and is well-positioned to contribute on both sides. On the 'brown' side (SO2), work will include promoting environmentally sound energy and industrial production services and the use of renewables. On the "green side" (SO1), work will involve programs in protected areas management and forest conservation.

USAID/Mexico management of SO1 and SO2 will be accomplished by the Mexico environment team, which consists of a USAID/Mexico USPSC Team Leader with four support staff -e.g. FSN, AAAS and 2 local PSCs- (see Figure 5, schematic of team members and interactions). The Mission will continue to manage major components of the environment portfolio in collaboration with the Center for the Environment in the Bureau for Global Programs, and the LAC Bureau's environment office (LAC/RSD). The joint actions of USAID/Mexico with partner and customer groups will be coordinated through periodic meetings of the core and expanded Strategic Objective teams. Two

Mexican strategic planning/prioritization expert groups, one in global climate change and the other in biodiversity conservation, will continue to guide and assist the USAID environment program. Assistance for activity implementation and management in the case of Global field support will primarily be provided by IQC contractors.

### **FIGURE 3**

#### **ENVIRONMENT PORTFOLIO RESULTS (HIGHLIGHTS)**

**1992-1997**

- |  |   |
|--|---|
| 1. Mexico Conservation Fund  | Meeting or exceeding all indicators; being used as a model national environmental fund throughout LAC.  |
| 2. Partners of the Americas - Mexico Conservation Corps              | Mexico Corps Program will become financially self-sufficient by 1999; has demonstrated great volunteer spirit and leadership. Will be used as a model to develop Peace Corps programs in Philippines and Panama.  |
| 3. Parks-in-Peril  | Mexico Program, the largest most successful in the Hemisphere, is beginning to be replicated throughout GOM National Protected Areas System of Mexico and in other LAC countries.   |
| 4. Conservation International - TEDS Technology                      | The Turtle Excluder Device (TED) Technology, supported by USAID/NMFS funding and technical assistance, has been applied successfully in the entire shrimp fleet of Mexico. In a second phase, bycatch excluder devices are now being perfected in Gulf of CA trials and it is expected they will be replicated throughout the country by 1999.  |
| 5. Ecosolar/Mazunte Project  | The project, promoting community-based alternative technologies, ecotourism and watershed management, is far exceeding all Mission targets/indicators, one component, the Mazunte natural cosmetics factory, co-funded by Body Shop and Stanford University, is after three years financially self-sufficient and providing employment and income to over 100 community members, including its 12 women stockholders.   |
| 6. University of Rhode Island - Coastal Resources Management Project | The URI with its partners Amigos de Sian Ka'an/Universidad de Quintana Roo, has created a marine biosphere community fishing reserves near Xcalac, Quintana Roo, and has improved ecotourism planning and promoted best practices throughout the Costa Maya region of the Yucatán. It has also helped to facilitate Mexican leadership in a regional Mezoamerican Reef Conservation Initiative, which would span four countries (Mexico, Belize, Guatemala, Honduras) and help protect the second largest coral reef system in the world (after Australia).   |
| 7. Environmental Pollution Prevention Program                        | Has supported pollution prevention audits in maquiladoras along the northeastern U.S.-Mexico border, and for metal finishing and foundry industries in Mexico City; these audits are now being adopted and implemented. In collaboration with UNIDO, has developed a successful Mexican Partner organization (the Mexican Center for Clean Production, a private company), promoted the use of energy efficiency audits, and has developed a five-year M CCP plan to expand to 5 other industrial sectors.  |
| 8. Energy Efficiency Project   | Has provided technical assistance and funding to FIDE for the design and implementation of the five-year national-scale incentives and rebates program sponsored by the Federal Electricity Commission (CFE), supporting the implementation of energy-efficient technologies in different sectors through the selling of: 155,000 high efficiency motors, 5,800 compressors and, 9.35 million compact fluorescent lamps (CFLs) in the commercial and residential sectors. Also a ten-million dollar revolving fund has been created, which will support comprehensive energy efficiency demonstration projects, and promote Energy Service Companies (ESCOs). |
| 9. Renewable Energy  | Has transferred technical capabilities to partner organizations in Chihuahua and Sonora, developing renewable energy programs in these states which are leveraging funding for replication. Over 150 sustainable systems have been installed in eight states. Renewable energy systems have been used to protect parks and reserves with installations facilitated by The Nature Conservancy, World Wildlife Fund, and Conservation International via their local partners.   |

**Figure 4**

## **ENVIRONMENT ADJUSTMENTS IN THE STRATEGIC APPROACH**

The approaches used in the environment program prior to 1997 are now being refined, based on recommendations from the 1996 USAID/Mexico ENV strategy . They are summarized below:

*Biodiversity Conservation:* Geographic focus has shifted from SE Mexico to encompass high-priority sites throughout Mexico, such as upland, arid and semi-arid habitats (e.g. pine-oak forests), as well as threatened marine and aquatic ecosystems. This shift was guided by recent USAID-supported exercises that identified these as high priorities for conservation.

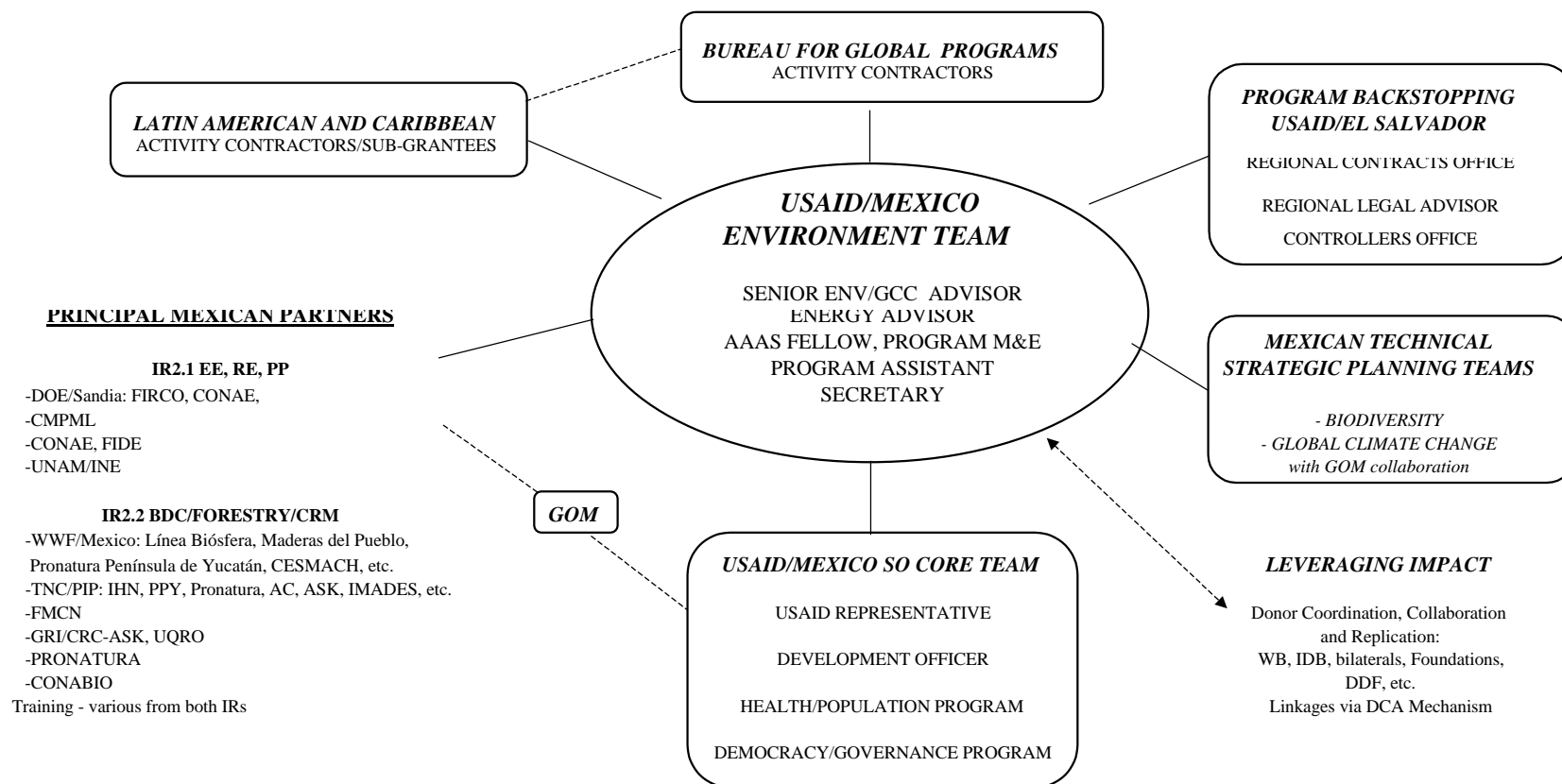
*Efficient and Renewable Energy:* USAID/Mexico will shift focus from conducting select pilot studies in energy efficiency to working with our partners to implement these and other technologies on a broader scale. This will require addressing the financing, policy and institutional constraints in our Mexican partners. New partners in Energy Efficiency and Renewable Energy have been incorporated into the program, most notably the governmental organizations, FIDE (Trust Fund for Electrical Savings) and CONAE (National Energy Saving Commission). In the Renewables Program, we are developing more partners, thereby broadening our approach. Privatization is progressing, for example, with a growing number of energy and environmental service companies (ESCOS), which will play a major role by providing integrated environmental consulting services to industry.

*Global Climate Change:* The Kyoto climate change convention advocated increasing use of Joint Implementation agreements in efforts to mitigate climate change, in which greenhouse gas emissions by one country can be offset by carbon storage in protected areas in another. These approaches, along with GOM-sponsored programs promoting voluntary reductions in greenhouse gas emission by industry, will take on a higher profile as a means of financing climate change mitigation in the USAID/Mexico Strategy. We will also move toward more integrated approaches, for example by combining our programs in Energy Efficiency and Pollution Prevention. Finally, we plan to complement our grant program with innovative credit mechanisms, such as the Development Credit Authority (or DCA). By doing so, we expect to leverage greater results from our partners on both the "green" and "brown" sides of the program.

*Linking Climate Change and Biodiversity Programs:* Arid and semi-arid regions of Mexico are particularly at risk from climate change, as decreasing precipitation in these sensitive regions is predicted to accompany the global increase in temperature, threatening native biodiversity, water resources and agricultural production in these areas. Recognizing these risks of climate change, USAID/Mexico supports the integration of urban-rural environmental approaches. For example, our Parks-in-Peril Program is seeking to include an activity with the Federal Electricity Commission (CFE) to internalize the costs of protecting the El Triunfo watershed in Chiapas, which provides 30% of the hydropower to SE Mexico. A second pilot project in the Mexico City Valley will integrate conservation and watershed protection in the rural areas of the Municipality of Tlalpan. With the long-term goal of replication, this effort will help combat pollution and mitigate greenhouse gas emissions in the city. This project is being developed as phase II of the Mexico GCC Action Planning process.

*Institutional Strengthening and Collaboration:* Our partners are key members of our national Biodiversity and Global Climate Change advisory teams, which have been central in defining our objectives in these areas. We will continue to coordinate with them to develop common visions for actions in these areas. In strengthening environment partner organizations, we will focus on teamwork via multi-institutional frameworks (including the MDBs), training to strengthen administrative skills, incorporating sustainable funding mechanisms, and streamlined reporting focusing on objectives, indicators, and results.

## ENVIRONMENT MANAGEMENT TEAM (SO 1-2)



**FIGURE 5**

**MISSION STRATEGIC  
OBJECTIVE No. 1:**

**CRITICAL ECOSYSTEMS AND  
BIOLOGICAL RESOURCES  
CONSERVED**

**a. Strategic Objective, Development Hypothesis and Relation to Agency Goals and Objectives** (See Figure 6)

**Agency Goal:** The World's Environment Protected for Long-Term Sustainability

**Objective 5.1:** Threat of Global Climate Change Reduced

**Objective 5.2:** Biological Diversity Conserved

**Objective 5.5:** Sustainable Management of Natural Resources Increased

**SO Development Hypothesis:** Support of Biodiversity Conservation in Mexico will lead to enhanced environmental management, protection of shared biological/genetic resources, increased quality of life both in the U.S. and Mexico, reduced illegal migration, and a greater likelihood of both nations reaching their shared sustainable development goals.

**Time Frame: FY 1999-FY 2003**

**b. Problem Analysis.** Mexico is the fourth most biologically diverse country in the world, with 10 percent of the world's vertebrate species and more than half of the earth's amphibian and reptile species. One third of Mexico's vertebrates and nearly half of its plants are endemic, so if they are not conserved in Mexico, they will be lost globally. Beyond their inherent scientific and environmental values, these biological resources are primary materials of major industries in Mexico, the U.S. and worldwide, including pharmaceuticals, fisheries, cosmetics, agriculture, and biotechnology.

The unique biogeography of the area yields a range of forests ecosystems. Unfortunately, Mexico has one of the highest rates of deforestation in the world, having lost 1,500,000 hectares of temperate and tropical forest throughout the country in the last 20 years. Most land is cleared for agriculture and ranching. In addition to its terrestrial biodiversity, Mexico is rich in aquatic habitats and species. Mexico has more than 11,000 kilometers of coastline along four major bodies of water, the Pacific Ocean, the Gulf of Mexico, the Caribbean Sea, and the Gulf of California. Both the Caribbean and the Gulf of California are Global Priority areas for marine conservation due to high levels of biodiversity and immediate environmental threats from coastal development, over-exploitation of marine resources, and land-based sources of marine pollution. Three freshwater ecoregions in Mexico have been recognized as globally important: Chihuahuan rivers and springs, Mexican highland lakes, and the Colorado River. Recent reports indicate that freshwater ecosystems in Latin America are more threatened than terrestrial ecosystems due to water diversions, pollution, and over-exploitation.

Although the original focus of the biodiversity program was on moist tropical forests, our recent analyses with our Mexican partners, as well as global conservation priorities developed by other

# ***ENVIRONMENT***

## ***S.O. #1: Critical Ecosystems and Biological Resources Conserved***

### ***Intermediate Result 1.1***

***Improved Management of  
Target Protected Areas  
and Other  
Critical Ecosystems***

### ***Intermediate Result 1.2***

***Demonstration and  
Implementation of  
Sustainable Use Activities  
in Biologically  
Important Areas***

### ***Intermediate Result 1.3***

***Improved Policy  
Framework for  
Conservation and  
Sustainable Use of  
Biological Resources***

### ***Intermediate Result 1.4***

***Improved Non-Governmental  
Organization and Professional  
Capacity for Conservation  
and Sustainable Use of  
Biological Resources***

#### ***Intermediate Result 1.4.1***

***Mexican Nature Conservation  
Fund Fully Operational  
and Fulfilling its  
Environmental Mandate***

organizations, demonstrate a need to focus on other ecosystems, including dry tropical forests, and marine and freshwater ecosystems. As USAID/Mexico completes interventions in the original sites (southern rainforests), we will refocus our portfolio to include these critically threatened and historically neglected areas to be consistent with global biodiversity priorities.

The proposed USAID/Mexico environment program will address four substantial challenges to conservation in Mexico. First, the system of protected areas is too small and unrepresentative to adequately conserve Mexico's biodiversity. Most of the protected areas lack funds and cannot develop or enforce management plans. The activities USAID supports are securing the long-term stability of parks and protected areas through increased Mexican management capability and the development of sustainable financing programs for each area. Second, there are few resource management plans for ecologically important areas outside of protected areas, such as buffer zones, coastal zones, and watersheds. To address this, USAID/Mexico is developing community-based plans for sustainable resource management in these areas. Third, there are few economically viable alternatives to resource degradation, so USAID/Mexico is promoting alternative technologies and industries to improve standards of living without compromising the long-term sustainability of the resource base. Fourth, in many parts of the country, there are not sufficiently strong GOM services, NGOs, or community groups to guide resource management, so USAID will train and strengthen these groups; as their capacity develops at a given site, we will phase out support at that site and address other priority ecosystems. Over the life of the SO, USAID expects to develop a critical level of capability that will allow sustainable biodiversity conservation in Mexico.

**c. Critical Assumptions and Causal Relationships.** The revised results framework for SO1 (Figure 6) illustrates a more complete strategy for biodiversity conservation than the previous results framework. We have chosen a Strategic Objective that articulates our long term goal of achieving "on the ground" conservation: "Critical ecosystems and biological resources conserved". To achieve SO1, USAID/Mexico and its partners will seek to achieve the following intermediate and sub-Intermediate Results:

***Strategic Objective No. 1: Critical Ecosystems and Biological Resources Conserved***

***Intermediate Result 1.1*** Improved Management of Target Protected Areas and Other Critical Ecosystems

***Intermediate Result 1.2*** Demonstration and Implementation of Sustainable Use Activities in Biologically Important Areas

***Intermediate Result 1.3*** Improved Policy Framework for Conservation and Sustainable Use of Biological Resources

***Intermediate Result 1.4*** Improved Mexican NGO and Professional Capacity for Conservation and Sustainable Use of Natural Resources



***Sub Intermediate Result 1.4.1*** Mexican Nature Conservation Fund Fully Operational and Fulfilling its Environmental Mandate

***Critical Assumptions***

1. Social, political, and economic stability in Mexico
2. Continued support for biodiversity policies and actions in Mexico, the U.S., and the international donor community
3. Public sector resources both in the U.S. and in Mexico will continue to be sufficient to finance reform actions.

***Causal Relationships.*** Intermediate Results 1.1 and 1.2 focus on demonstration programs where we have large investments in targeted sites. Specifically, through Intermediate Result 1, we sponsor activities which demonstrate improved management of official protected areas, community reserves, and other critical ecosystems outside the protected area system. Examples of programs which support Intermediate Result 1 include: a) the Parks in Peril Program which turns "paper" parks into functional parks by developing adequate physical infrastructure, management plans, financial resources, and institutional capacity to ensure long term protection; and b) the Coastal Resources Program which is developing a community-based coastal resource management program in Quintana Roo. Intermediate Result 2 stresses sustainable use activities for specific economic activity areas which impact biodiversity in priority national areas by demonstrating best practices and the subsequent reduction of environmental threats. Examples include: a) Conservation International's program in the Gulf of California which improves fishing practices, b) the Coastal Resources Program which demonstrates best management practices for ecotourism development on the Quintana Roo coast, c) the Parks in Peril Program which encourages alternative economic activities (organic farming, shade coffee, Mayan crafts production) in buffer zones of protected areas.

Intermediate Results 1.3 and 1.4 help achieve adoption and replication of successful demonstration projects through policy reform (Intermediate Result 1.3), capacity building (Intermediate Result 1.4) and dissemination of lessons. USAID/Mexico and its primary partners work closely with the Mexican government, conservation and development organizations, and the private sector to document and publicize our successes. Replication, although essential for achieving significant progress, is difficult to measure. For this reason we are taking the advice of the Environmental Indicators Working Group, and will report on replication results in the narratives (Performance Monitoring of USAID Environmental Programs: An Introduction to Performance Monitoring and a Review of Current Best Practice 1998). Examples of activities designed to encourage adoption and replication include: a) promoting Integrated Coastal Zone Management through dissemination activities and training workshops that use case studies from demonstration sites as learning tools, and through developing the coastal zone management program at the University of Quintana Roo; and b) a new initiative through the Biodiversity Support Program which builds on the successes of the Parks and Peril program to develop ecoregional conservation programs which extend beyond protected area sites.

**d. Commitment and Capacity of Development Partners for Achieving Results.**

USAID/Mexico works with international NGOs and Universities, including Conservation International, The Nature Conservancy, and The University of Rhode Island's Coastal Resource Center, which provide technical assistance to national Mexican NGOs, local NGOs, community groups, Universities, and government agencies. The NGO movement in Mexico is impressive. Many organizations are staffed by capable and well-trained professionals with skill, enthusiasm, and vision, many of whom have international exposure. In some cases, our Mexican partners have a level of sophistication not easy to find even in developed countries (e.g. the Mexican Conservation Fund). However, as mentioned in the problem analysis, because many protected areas do not have sufficient staff nor are there sufficiently strong NGOs to support management of these ecosystems, USAID/Mexico can play an important role in strengthening these institutions. In addition to NGOs, USAID/Mexico works closely with the National (Instituto Nacional de Ecología) and State agencies (e.g. Instituto de Historia Natural in Chiapas) responsible for resource management. At the onset of USAID's environmental program, most reserves in our programs were seriously understaffed. Currently in these reserves, both the National and State Governments have taken responsibility for funding reserve staff and have hired many of the people who were previously paid and trained through the Parks in Peril Program. We aim to repeat this pattern in other sites. An important partner in the Coastal Resource Program is the University of Quintana Roo. The university is developing an extension program in Integrated Coastal Zone Management to train Mexican professionals to provide the technical assistance to coastal communities and government agencies. This creates long term capacity for addressing coastal development issues.

The Multinational Development Banks are important indirect development partners that increasingly are being used to provide counterpart funding or follow-on financing for the expansion of pilot interventions and replication at the regional or national levels. Over the life of the SOs, we expect that over \$100 million in MDB funds will have been leveraged toward achieving USAID's targeted results. Two cases in point include:

1. GEF funding for the Mexico Conservation Fund (\$20 million USAID endowment and a \$16.5 million GEF counterpart);
2. World Bank border environment and institutional strengthening loans supporting protected areas management/SYNAP and the environmental ministry/SEMARNAP (an estimated \$20 million).

USAID/Mexico also plans to work with the Central American Regional Office in Guatemala (G/CAP) and the IDB to generate funding for the Mesoamerican Barrier Reef and Biological Corridors initiatives.

**e. Illustrative Approaches**

***Strategic Objective No. 1: Critical Ecosystems and Biological Resources Conserved***

***Intermediate Result 1.1 Management of Target Protected Areas and Other Critical Ecosystems***

## *Improved*

*The Parks in Peril Program (The Nature Conservancy)* Conservation of biodiversity and prevention of deforestation through better management of protected areas, currently strengthening Mexican conservation NGO capacity and protecting eight key parks and reserves.

*The Conservation International Debt-for-Nature Swap Program* Support of site-based management in the Montes Azules Biosphere Reserve. This leverages USAID resources through a debt-for-nature swap program.

*The Coastal Resources Management Project (University of Rhode Island)* Support for the protection and sustainable management of the coral reefs and coastal resources of the coast of Quintana Roo and on the Caribbean Coast of Mexico's Yucatán Peninsula through community-based, integrated coastal management.

*Ecoregional Planning (Biodiversity Support Program)* Support for developing protocols to extend conservation efforts beyond individual protected areas by coordinating regional conservation efforts to include a system of protected areas and best management practices in multiple use and non-protected areas.

*Neotropical Migratory Bird Conservation (National Fish and Wildlife Foundation/Partners-in-Flight)* Grants to help local organizations protect neotropical migratory birds and their habitats, and to improve Mexico's institutional capacity for conservation.

### ***Intermediate Result 1.2 Demonstration and Implementation of Sustainable Use Activities in Biologically Important Areas***

*The Conservation International Debt-for-Nature Swap Program* Support for sustainable fisheries management in the Gulf of California, including the use of turtle by-catch devices which allow turtles and other non-commercial marine species to avoid being unintentionally caught and killed in fishing nets.

*The Coastal Resources Management Project (University of Rhode Island)* Development of best management practices for fishing and ecotourism in Coastal Areas

### ***Intermediate Result 1.3 Improved Policy for Conservation and Sustainable Use of Biological Resources***

*The Parks in Peril Program (The Nature Conservancy)* Support policies to ensure that rules and regulations of parks are enforced, including clear demarcation and decrees for protected areas, and policies to ensure that stakeholders are involved in park management.

*The Conservation International Debt-for-Nature Swap Program* Develop priorities for conservation in the Gulf of California

*The Coastal Resources Management Project (University of Rhode Island)* Support policies that promote integrated coastal management

*Ecoregional Planning (Biodiversity Support Program)* Support policies that provide incentives for conservation on private lands

***Intermediate Result 1.4 Improved Mexican NGO and Professional Capacity for Conservation and Sustainable Use of Natural Resources***

*The Parks in Peril Program (The Nature Conservancy)* Support training of local NGOs at all PiP sites, to help government agencies manage the park, work with communities, and implement environmental education programs. NGOs are also given general institutional strengthening assistance.

*The Coastal Resources Management Project (University of Rhode Island)* Support to Amigos de Sian Ka'an in community based management, and to the University of Quintana Roo to develop an extension program in Integrated Coastal Management

*Ecoregional Planning (Biodiversity Support Program)* Support to Pronatura (a national conservation NGO with regional offices). Pronatura has the potential to be a national leader in conservation and to provide technical support to regional and local NGOs.

*Global Training for Development Project* Provide targeted training to strengthen partner institutional capabilities, and complement direct training of other S.O. activities.

***Sub Intermediate Result 1.4.1 Mexican Nature Conservation Fund Fully Operational and Fulfilling its Environmental Mandate***

*Oversight of the Mexico Nature Conservation Fund (FMCN)* Support the endowment program which provides a permanent funding mechanism for grant-giving to Mexican private and non-governmental conservation organizations. USAID's continuing oversight and supervision of the FMCN (which was capitalized in 1994 and 1996 with a \$20 Million contribution from USAID) will continue through 2006 and help strengthen environmental institutions in Mexico and prepare them to take regional leadership biodiversity conservation.

**f. Achievement of Sustainability.** Financial sustainability is an important goal in all environmental areas. Through its partners, USAID/Mexico has worked with its partners to leverage additional resources through endowments, debt swaps, and revolving funds. The strengthening of our primary partners will assure continuity of environmental actions and facilitate the long-term accomplishment of our Strategic Objectives, beyond USAID assistance.

The GOM has placed confidence in conservation NGOs and is delegating to them the responsibility to manage and conserve key protected areas. In spite of well-educated and enthusiastic personnel, however, many of these NGOs lack the basic management, administrative,

and planning skills necessary to manage these parks and reserves. Our efforts focus on improving these skills. Parks-in-Peril methodologies have been proven, and are being replicated throughout Mexico in an effort to take a more ecoregional approach to protected areas management (replicating successful practices within the same ecoregion). Successful management at this scale presents many challenges, particularly, facilitating new collaboration among institutions. This will require sustained assistance for several years.

Endowments and debt-for-nature swaps (where debt is forgiven by the debtor's establishing a protected area) have been successful in Mexico. USAID will continue to use these instruments. The Mexican Conservation Fund is a model for other LAC countries. The use of regional endowments for managing protected areas, where the interest earned on a principal finances conservation projects within an ecoregion (e.g., the Viscaíno Biosphere Reserve in Baja California Sur), along with other innovative and sustainable financing mechanisms, can be one of USAID's greatest contributions to biodiversity conservation in Mexico and throughout Latin America.

Although the Mexico ENV program has already developed models and success stories that are being applied in other developing countries (see Figure 3 above), a much greater impact is expected by the end of the program. Mexican specialists and organizations that have developed expertise under the USAID program are already transferring technologies to organizations in Mexico and to other countries. Examples include the Parks-in-Peril program, the Mexico Conservation Fund and The Partners of the Americas-Mexico Conservation Corps.

**g. Judging Achievement of the Strategic Objective.** The indicators for SO1 and corresponding IRs are listed below. Further descriptions of the indicators, targets and baselines are in the indicator tables in Appendix 1. The Strategic Objective team has developed baselines and targets for 10 of the 12 indicators. Baselines and targets for the remaining two indicators (indicators 2 and 3) will be reported in next year's R4; and data will be collected in fiscal year 1999.

***Strategic Objective No. 1: Critical Ecosystems and Biological Resources Conserved***

**Indicator 1:** Number and area of critical ecosystems, in target areas, with adequate management.

**Indicator 2:** Average change in annual rate of deforestation in target areas.

**Indicator 3:** Index of degradation rates in non-forest ecosystems.

***Intermediate Result 1.1 Improved Management of Target Protected Areas and Other Critical Ecosystems***

**Indicator 4:** Number of sites meeting pre-determined management goals.

***Intermediate Result 1.2 Demonstration and Implementation of Sustainable Use Activities in Biologically Important Areas***

**Indicator 5:** Number of men and women in target areas practicing sustainable activities promoted by USAID.

**Indicator 6:** Number and percent of new coastal zone enterprises in target areas using best management practices advocated by the USAID-sponsored Coastal Management Program.

***Intermediate Result 1.3 Improved Policy Framework for Conservation and Sustainable Use of Biological Resources***

**Indicator 7:** Policy Advances

**Indicator 8:** Number of completed priority exercises which help direct future conservation efforts

***Intermediate Result 1.4 Improved Mexican NGO and Professional Capacity for Conservation and Sustainable Use of Natural Resources***

**Indicator 9:** Number of Target Mexican NGOs demonstrating improved ability to manage environmental projects effectively

**Indicator 10:** Number of individuals participating in training and technical exchange programs

***Sub Intermediate Result 1.4.1 Mexican Nature Conservation Fund Fully Operational and Fulfilling its Environmental Mandate***

**Indicator 11:** Total dollar level of Mexican and other donor capitalization of the Fund

**Indicator 12:** Number of new grants disbursed each year by the Mexico Nature Conservation Fund

## h. Performance Indicators and Annual Targets

### STRATEGIC OBJECTIVE 1: Critical ecosystems and biological resources conserved

<b>INDICATOR 1:</b> Number and area of critical ecosystems, in target areas, with adequate management			
<b>UNIT OF MEASURE:</b> Number of sites/area of sites in hectares	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI,TNC,URI  <b>COMMENTS:</b> This indicator captures the ability of Mexican professionals to manage or govern critical ecosystems. The indicator is based on scorecards that have been developed (or are being developed) by our primary partners (see Annex 1 Parks and Peril Consolidation Scorecard, Coastal Zone Management Scorecard). "Adequate Management" will be defined based on the scorecard. Sites will be counted as achieving adequate management when their long term goals are met. USAID may support sites for an additional year or two, at reduced funding levels, after they have reached their "adequate management" goals to secure resources to maintain long term management capacity. The target for 1999 Sites which have met this indicator by 1997 are El Triunfo, Rio Lagartes/Celestún, La Encrucijada, El Ocote, and Sian Ka'an. Target sites are: 1998 is Calakmul (1998), 2001 is Xcalak (2001), and 2002 and Gulf of California Island Reserves, Montes Azules, Sierra Madre (2002). This indicator is cumulative.	Baseline 1991		0
	1997		5 sites
	1998	6 sites/1.2 million hectares	
	1999	6 sites	
	2000	6 sites	
	2001	7 sites	
	2002	9 sites	

### STRATEGIC OBJECTIVE 1: Critical ecosystems and biological resources conserved

<b>INDICATOR 2:</b> Average change in annual rate of deforestation in target areas			
<b>UNIT OF MEASURE:</b> % deforestation	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI,TNC,URI	Baseline 1970-1990		1.3%
<b>COMMENTS:</b> Deforestation rate is measured through analyses of satellite imagery, aerial photography, and other remote sensing data. USAID/Mexico is redesigning this indicator to better measure our site based conservation efforts. Future targets will be presented at next year's R.	1999	TBD	
	2000		
	2001		
	2002		

**STRATEGIC OBJECTIVE 1: Critical ecosystems and biological resources conserved**

<b>INDICATOR 3:</b> Index of degradation rates in non-forest ecosystems			
<b>UNIT OF MEASURE:</b>	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI,URI,TNC	Baseline 1999		TBD
<b>COMMENTS:</b> In response to global and national biodiversity assessments, which recommend that conservation programs concentrate more resources on aquatic habitats, USAID/Mexico is placing a stronger emphasis on marine and coastal habitats. In contrast to forest ecosystems, in which deforestation rate serves as an adequate indicator of habitat destruction, there is no single variable in marine and coastal ecosystems which captures habitat degradation. We estimate that it will take a year to evaluate available data and to design an appropriate indicator, and an additional year to determine baselines and targets. Biophysical indicators will be designed for other habitat types (deserts, grasslands) as needed.	1999		
	2000		
	2001		
	2002		

**Intermediate Result 1.1: Improved management of Target Protected Areas and Other Critical Ecosystems**

<b>INDICATOR 4:</b> Number of Sites meeting pre-determined management goals			
<b>UNIT OF MEASURE:</b> Number of sites	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI,TNC,URI	Baseline 1991		0
	1998	4	
<b>COMMENTS:</b> This indicator, like indicator 1, is based on scorecards but will measure annual progress rather than graduation. Targets will be set and reported each year in annual workplans. This indicator is not cumulative. Targets and results are a function of the number of sites where we are working in a given year.	1999	5	
	2000	6	
	2001	6	
	2002	6	



**Intermediate Result 1.2: Demonstration and Implementation of Sustainable Use Activities in Biologically Important Areas**

<b>INDICATOR 5:</b> Number of men and women in target areas practicing sustainable activities promoted by USAID (not cumulative)			
<b>UNIT OF MEASURE:</b> number (gender disaggregated)	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI,TNC,URI	1991 Baseline		0
	1998	200 men 60 women	
<b>COMMENTS:</b> Sustainable activities include ecotourism, agroforestry, organic agriculture, beekeeping, harvesting non-timber forest products and sustainable fisheries. This indicator is not cumulative.	1999	100 men 40 women	
	2000	100 men 50 women	
	2001	115 men 60 women	
	2002	120 men 80 women	

**Intermediate Result 1.2: Demonstration and Implementation of Sustainable Use Activities in Biologically Important Areas**

<b>INDICATOR 6:</b> Number and percent of new coastal zone enterprises in target areas using best management practices advocated by the USAID sponsored Coastal Zone Management Program.			
<b>UNIT OF MEASURE:</b> Number and percent of enterprises	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> URI	Baseline 1998		0
<b>COMMENTS:</b> Best practices are those that are included in the "Normas Practicas" manual or are part of on-going Integrated Coastal Zone Management training and extension programs. Best management practices include using non-structural methods for preventing beach erosion, maintaining natural vegetation on sand dunes, protecting important turtle egg laying sites, using native species for landscaping, and others.	1999	2 (20%)	
	2000	5 (25%)	
	2001	8 (25%)	
	2002	9 (30%)	

**Intermediate Result 1.3: Improved Policy Framework for Conservation and Sustainable Use of Biological Resources**

<b>INDICATOR 7: Policy Advances</b>			
<b>UNIT OF MEASURE:</b> Narrative	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI, TNC,URI	Baseline 1998	NA	
<b>COMMENTS:</b> Policy advances, although difficult to quantify, are an important component of USAID/M's conservation portfolio. Progress will be measured by asking each partner to develop an annual statement of policy objectives. At the end of the year the mission and its partners will evaluate the progress towards goals. Important policy advances and their implications for conservation will be described in the narrative. This indicator is not cumulative.	1999	NA	
	2000	NA	
	2001	NA	
	2002	NA	

**Intermediate Result 1.3: Improved Policy Framework for Conservation and Sustainable Use of Biological Resources**

<b>INDICATOR 8: Number of completed priority exercises which help direct future conservation efforts</b>			
<b>UNIT OF MEASURE:</b> Number of exercises	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CONABIO, CI, TNC	Baseline 1998	3	
<b>COMMENTS:</b> Priority exercises are an important tool for helping guide USAID/Mexico's conservation portfolio. USAID/Mexico supports regional exercises (eg. Gulf of California, Sierra Madre), to help determine where to focus conservation efforts. Exercises, are participatory, and include local and international experts who define priority sites by analyzing and comparing site's biodiversity, conservation threats, and opportunities for implementing successful programs. This indicator is cumulative.	1999	5	
	2000	6	
	2001	7	
	2002	8	

**Intermediate Result 1.4: Improved Mexican NGO and Professional Capacity for Conservation and Sustainable Use of Natural Resources**

<b>INDICATOR 9:</b> Number of Target Mexican NGOs demonstrating improved ability to manage environmental projects effectively			
<b>UNIT OF MEASURE:</b> Number of NGOs per year	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI, TNC, URI	Baseline 1997		0
	1998	5	
<b>COMMENTS:</b> This indicator is based on an institutional index developed by our partners. The index monitors progress in 5 main areas: leadership and management, programs, human resources, financial resources, and communication. Annual goals will be set each year for the NGOs which USAID/Mexico programs support (NGOs that receive grants from the Mexican Nature Conservation Fund will only be included if they are part of other USAID/Mexico programs). This indicator is not cumulative.	1999	6	
	2000	7	
	2001	7	
	2002	7	

**Intermediate Result 1.4: Improved Mexican NGO and Professional Capacity for Conservation and Sustainable Use of Natural Resources**

<b>INDICATOR 10:</b> Number of individuals participating in training and technical exchange programs/gender disaggregated			
<b>UNIT OF MEASURE:</b> Number of Individuals per year	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CI, TNC, URI	1991 Baseline		0
<b>COMMENTS:</b> Targets are based on annual workplans. This indicator is not cumulative.	1999	60 men 40 women	
	2000	70 men 50 women	
	2001	75 men 55 women	
	2002	75 men 55 women	

**Sub Intermediate Result 1.4.1: Mexican Nature Conservation Fund fully operational and fulfilling its environmental mandate**

<b>INDICATOR 11:</b> Total dollar level of Mexican and other donor capitalization of the fund.			
<b>UNIT OF MEASURE:</b> Dollars	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> FMCN	1992 Baseline		0
<b>COMMENTS:</b> The 1997 capitalization is \$43 million which includes \$ 1.0 million from the GOM (1993), \$ 0.5 million from USAID (1994), \$19.5 million from USAID (1996), \$2.0 million from the GOM (1996) \$1.09 million interest income (1996) \$16.48 million from the World Bank/GEF (1997) \$2.49 million from GOM (1997)  Targets for 1999 include anticipated disbursements of \$2.0 million from the GOM (1998) and \$3 million from the GOM (1999).	1999	\$48 Million	
	2000	\$48 Million	
	2001	\$60 Million	
	2002	\$79 Million	

**Intermediate Result 3.4.1: Mexican Nature Conservation Fund fully operational and fulfilling its environmental mandate**

<b>INDICATOR 12:</b> Number of new grants disbursed each year by the Mexico Nature Conservation Fund			
<b>UNIT OF MEASURE:</b> Number of grants	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> FMCN	1992 Baseline		0
	1997		75
	1998	100	
<b>COMMENTS:</b> The number of grants funded is a function of the interest income earned and the relative size of grants. The Fund is considering funding fewer grants so that it can fund some larger grants for longer time periods. Targets will be revised as needed.	1999	100	
	2000	100	
	2001	100	
	2002	100	

## **MISSION STRATEGIC OBJECTIVE No. 2**

## **CARBON DIOXIDE EMISSIONS AND POLLUTION REDUCED**

### **a. Strategic Objective, Development Hypothesis and Relation to Agency Goals and Objectives (See Figure 7)**

**Agency Goal:** The World's Environment Protected for Long-Term Sustainability

**Agency Objective 5.1:** Threat of Global Climate Change Reduced

**Agency Objective 5.3:** Sustainable Urbanization Including Pollution Management Promoted

**Agency Objective 5.4:** Use of Environmentally Sound Energy Services Increased

**SO Development Hypothesis:** Preventing pollution and mitigating the effects of global climate change in Mexico will lead to enhanced environmental management and protection, reduced health risks, sustainability of industrial production processes, increased quality of life in the U.S. and Mexico, and a greater likelihood of both nations reaching their shared sustainable development goals.

**Time Frame: FY 1999-FY 2003**

**b. Problem Analysis.** Mexico ranks 3rd among developing countries (non-Annex 1) in green house gas emissions; its rate of increase is among the highest in the world. Approximately two-thirds of its emissions come from the energy sector and one-third from deforestation and slash and burn agriculture. Mexico is an energy-rich country, with a strong manufacturing sector and a large energy demand. Because energy is inexpensive and widely available in Mexico (partly because it is highly subsidized), there are few incentives to use it efficiently. Although many investments in increased energy efficiency and renewable energy could pay for themselves in a few months to a few years, many principals can not afford the initial expense or can not be persuaded that such investments will be economically advantageous, partly because of high interest rates on loans from Mexican banks. Recent estimates indicate that industries use two to four times more energy than necessary. Greater energy efficiency would go a long way to make Mexican industry cleaner, more efficient and more competitive.

Rural areas in Mexico provide essential environmental services to cities, such as clean water, soil preservation, recreation, scenic beauty, and, on larger scales, a stable regional climate. However, as in most parts of the world, the value of these services is not internalized in Mexico's market economy. Because Mexico is one of the most urbanized countries in Latin America, with 74% of its people living in cities, integrating environmental protection in rural and urban areas through economic cost internalization is particularly important. The sustainable development agenda of the Government of Mexico recognizes this. With our Mexican partners, USAID/Mexico is developing ways to address these environmental problems, through integrated approaches, linked to larger sustainable development efforts, which include emissions reduction and biodiversity conservation.

***ENVIRONMENT***

***S.O. #2: Carbon Dioxide Emissions  
and Pollution Reduced***

***Intermediate Result 2.1***

*Viability of RMS  
Technologies  
Demonstrated  
at the Pilot Level*

***Intermediate Result 2.2***

*Viability of  
Renewable Energy  
Technologies  
Demonstrated at the  
Pilot Level*

***Intermediate Result 2.3***

*Selected Policies  
in Place that Promote  
the Use of RMS and  
Renewable Energy  
Technologies*

***Intermediate Result 2.4***

*Improved Mexican  
Institutional Capacity for  
RMS and Renewable  
Energy Development*

***Intermediate Result 2.5***

*Financing Available for  
Adoption of RMS and  
Renewable Energy Techno-  
logies from Private Sector,  
the GOM and Other Donors  
(Independent of USAID  
Assistance)*

Mexico supports voluntary emissions commitments, joint implementation with credit, and other actions in support of sustainable energy and forestry, consistent with its environmental and development agenda. Furthermore, the examples set by Mexico's climate change programs influence countries throughout Latin America. Thus, continued USAID support will not only help maintain Mexico's emissions reduction program but will also encourage adoption of similar programs in other countries.

*Urban Pollution:* Mexico is advancing legal and policy reforms to address urban environmental issues. The Mexican Government is decentralizing, giving state and local municipalities more responsibility to deliver environmental services and to combat pollution. A new, progressive policy framework promotes the integration of clean energy and pollution prevention through environmental management systems and competitive industries approaches. However, implementing these policies is difficult because local municipalities lack sufficient finances and capacity, and because there are few 'brown' NGOs to provide support. Furthermore, environmental data are not always reliable and are not openly shared between governmental and non-governmental organizations (NGOs). Pollution prevention, energy efficiency, and renewable energy technologies offer significant cost savings, but innovative financing mechanisms and demonstration projects are necessary to convince the private sector that these investments will pay off.

**c. Critical Assumptions and Causal Relationships.** The revised results framework for SO<sub>2</sub> (Figure 7) illustrates a comprehensive strategy for mitigating climate change and reducing pollution. We have chosen a Strategic Objective, "Carbon Dioxide Emissions and Pollution Reduced" that articulates our long-term goals of reducing greenhouse gases and other contaminants by supporting the use of environmentally sound technologies and management systems. The USAID/Mexico approach forms part of a larger U.S. climate change initiative involving EPA, DOE, State, and other agencies. To achieve SO<sub>2</sub>, USAID/Mexico and its partners will seek to achieve the following Intermediate Results:

***Strategic Objective No. 2: Carbon Dioxide Emissions and Pollution Reduced***

***Intermediate Result 2.1:*** Viability of Resource Management Systems (RMS) technologies demonstrated at the pilot level.

***Intermediate Result 2.2:*** Viability of renewable energy technologies demonstrated at the pilot project level.

***Intermediate Result 2.3:*** Selected policies in place that promote the use of RMS and renewable energy technologies.

***Intermediate Result 2.4:*** Improved Mexican institutional capacity for RMS and renewable energy development.

***Intermediate Result 2.5:*** Financing available for adoption of RMS and renewable energy

technologies from the private sector, the GOM and other donors. This IR is independent of USAID assistance.

### ***Critical Assumptions***

1. Social, political, and economic stability in Mexico
2. Continued support for climate change and pollution prevention policies and actions in Mexico and the U.S.
3. Public sector resources in the U.S., Mexico, and the Multilateral Banks will continue to be sufficient to finance reform actions.

***Causal Relationships.*** USAID/Mexico activities under this SO focus on increasing the use of renewable energy systems, and energy efficiency practices and technologies implemented through RMS approaches which have the added benefit of reducing pollution. The results package for SO2 is similar in structure to SO1 and shows our emphasis on demonstrating sustainable technologies (IR 2.1 and IR 2.2) while supporting policy advances, institutional strengthening, and financial sustainability so that our successes can be replicated beyond pilot programs (IRs 2.3, 2.4, and 2.5). The SO indicators measure our progress towards reducing carbon dioxide emissions and pollution, and document the number of enterprises which have adopted USAID-supported technologies (see indicator tables for definitions of adoption). Specifically, IR 2.1 uses Resource Management Systems in which USAID-supported energy and environmental audits offer suggestions to companies for increasing energy efficiency and reducing pollution. By demonstrating the increased efficiency (and thus cost savings) associated with energy conservation and pollution prevention, these audits help make alternative technologies more attractive to industry. Although the technologies and practices we promote are cost-effective and have environmental and health benefits, innovative financing mechanisms and demonstration projects are necessary to both convince the public and private sectors that these technologies are economically viable, and to strengthen our partners' implementation capabilities. The Mexico Environmental Pollution Prevention Project (or "EP3") results indicate that the Mexican private sector is willing and able to implement technologies that prevent pollution and increase energy efficiency if industry is well-assisted and financial risk is sufficiently reduced. Under IR 2.1 USAID/Mexico will also support Energy and Environmental Service Companies (ESCOS) that provide an integrative consulting service to industries by identifying problems, designing solutions through cost-benefit analyses, developing financing mechanisms, and monitoring progress as solutions are adopted. Thus, the recent development of ESCOS in Mexico will promote the integration of energy efficiency and pollution prevention and will be an important future element of our program that has the potential to leverage enormous benefits. The development and enabling of ESCOS in Mexico, however, will be a challenging and long-term proposition.

Similarly, under IR 2.2 USAID/Mexico directly supports the implementation of renewable energy systems, both to directly save energy while avoiding grid extension and greenhouse gas emissions and to serve as demonstration sites for the economic viability of renewables. Resource assessment has led to a much better understanding of the opportunities for solar and



wind energy applications in Mexico. Many operational, policy and financial barriers are being eliminated, creating increased trade and development opportunities for both countries. Renewable energy technologies focusing on productive end-uses avoid the need to extend the national electrical grid into remote rural areas, thus creating substantial energy savings, sustained profits for rural end users while avoiding pollution from thermal-based power. Indicators for IRs 2.1 and 2.2 directly measure the energy and financial gains from these demonstration projects. Through policy reform, institutional strengthening, and dissemination of lessons learned, we try to spread the practices recommended in the audits throughout the industry.

**d. Commitment and Capacity of Development Partners.** Since 1992, USAID/Mexico has worked in conjunction with G/ENV/EET's energy efficiency and pollution prevention project contractor (Hagler Bailly, Co.), and in collaboration with the Department of Energy through the Sandia National Laboratories (SNL), for the development and promotion of renewable energy technologies in Mexico. Both Hagler Bailly, Co. and SNL have provided technical assistance to Mexican private and public sector organizations including FIDE, CONAE, CMPML and FIRCO, to develop and adopt innovative methodologies for implementing pilot/demonstrative actions; have negotiated other financing sources and expanded the results of pilot efforts into national scale programs.

IDB and World Bank are using Mexican energy efficiency and renewable energy models for creating new programs in other Latin American countries, including Argentina, Peru and El Salvador. However, assessments carried out for SO<sub>2</sub> activities have detected important constraints in other program areas such as innovative financial schemes and policy reform. In the FY 1999-FY 2003 period, local partners will focus on these areas of need.

MDB support has been an important mechanism for expansion and replication of SO<sub>2</sub> demonstration activities. The ILLUMEX high-efficiency lighting (\$10 million GEF); and World Bank GCC funding (\$17 million) are examples of past linkages. MDB investments projected to support our SO also include: a loan of \$24 million to FIDE for energy efficiency (approved); and yet-to-be included loan proposals for solar heaters, and combustion and steam efficiency systems.

#### **e. Illustrative Approaches**

#### ***Strategic Objective No. 2: Carbon Dioxide Emissions and Pollution Reduced***

***Intermediate Result 2.1: Viability of Resource Management (RMS) for energy efficiency and pollution prevention demonstrated at the pilot level***

*The Resource Management Systems Program* Promotes and facilitates the environmentally sound use of energy and natural resources through the adoption of energy efficiency and pollution prevention practices and technologies, promoted primarily through audit mechanisms, in targeted industries and municipalities.

**Intermediate Result 2.2:** *Viability of renewable energy technologies demonstrated at the pilot project level.*

Renewable Energy Development and Commercialization Demonstrates and facilitates the use of viable renewable energy technologies and practices for productive end uses.

**Intermediate Result 2.3:** *Selected policies in place that promote the use of RMS and renewable energy technologies.*

Support for a Mexican Global Climate Change (GCC) Mitigation Program and Global Climate Change Office, Together with the Preparation of Joint Implementation Strategies This office administers the Global Climate change Program of Mexico and promotes mitigation and voluntary programs throughout Mexico.

Support to the Development of Legal Regulatory Frameworks on Energy Efficiency, Pollution Prevention and Renewable Energy This activity would be supporting the completion of 17 energy efficiency standards, the development of incentives and rebates for high efficiency technologies, the assistance for reforming and completing the energy efficiency law and pollution prevention regulatory framework and the inclusion of renewable energy programs in higher instances of the energy regulatory framework.

**Intermediate Result 2.4:** *Improved Mexican institutional capacity for RMS and renewable energy development.*

The Resource Management Systems Program Promotes and facilitates sound use of energy and natural resources through the adoption of energy efficiency and pollution prevention practices and technologies, promoted primarily through audit mechanisms, in targeted industries and municipalities.

Renewable Energy Development and Commercialization Demonstrates and facilitates the use of viable renewable energy technologies and practices for productive end uses.

Global Training for Development Project Provides targeted training to strengthen partner institutional capabilities and complements direct training of other S.O. activities.

**Intermediate Result 2.5:** *Financing available for adoption of RMS and renewable technologies from the private sector, the GOM and other donors.[This result is not a direct responsibility under SO-2]*

Support for the Environmental Enterprises Assistance Fund (EEAF) A non-profit investment fund that promotes environmentally sound, economically viable businesses, through the provision of loans, equity capital, training and technical assistance.

Support for Replication of the Manzanillo Power Station Demonstration Project This

activity supported a pilot demonstration of clean energy generation through the retrofitting with REACH (Reduced Emissions and Advanced Combustion Hardware) technology of one generating unit at the Manzanillo Power Plant. The replication of REACH and baghouse technology (new filters installed in smokestacks that dramatically reduce pollution) to other power plants is now being discussed with the Mexico Federal Electricity Commission. This cooperation is an important first step in developing a more environmentally-friendly CFE.

**f. Achievement of Sustainability.** As in SO 1, financial sustainability is an important goal, but the approaches used for financing RMS and renewable energy applications are different. Since pollution prevention, energy efficiency and renewable energy applications occur predominantly in the private sector, financial sustainability mechanisms are much more market-oriented.

USAID, based on its considerable experience in this S.O. sector, will continue to support a series of sustainable financing mechanisms founded on voluntary programs that increase business efficiency and competitiveness. The innovative environmental/energy audit process developed through USAID assistance leads to the identification of cost-effective solutions to pollution prevention and energy savings. No-cost and low-cost solutions allow medium to micro-size businesses to improve their profit margins and eventually move on to solving larger environmental and production problems. Technical services that allow industry to assess, fund and implement mitigation actions is a common constraint. The promotion and strengthening of ESCOS (integrated environment and energy service companies) are important objectives of USAID assistance and key factors in the expansion and replication of program technologies.

Although not a direct IR, sustainable financing is and will continue to be promoted in several ways. Support for the Mexico Climate Change Initiative voluntary programs, joint implementation and clean development mechanisms will be provided to leverage international funding. USAID activities also leverage national sources of financing. For example, FIDE and BANRURAL, collaborators in energy efficiency and renewable energy activities, provide their own institutional resources to replicate S.O.2 activities. USAID/Mexico expects that the Development Credit Authority (DCA) mechanism being developed for application in 1999 will leverage BANAMEX financial resources.

Key to sustainability is a sound policy framework leading to the elimination of subsidies and other types of economic distortions. In all of the primary activities of this S.O. actions are being carried out to internalize and account for environmental costs and eliminate fossil-fuel based energy subsidies.

As in SO 1, The World bank and IDB are important indirect development partners that increasingly provide counterpart or follow-on financing for the expansion of pilot interventions and replication at the regional or national levels. Over the life of the S.O., USAID/Mexico expects that over \$50 million in MDB funds will have been leveraged or

otherwise linked to achieving USAID's targeted S.O. 2 results. Examples include: the ILLUMEX high-efficiency lighting program, World Bank northern border environment loans, GCC mitigation projects, and FIDE energy efficiency projects.

**g. Judging Achievement of the Strategic Objective.** Further descriptions of the indicators, targets and baselines are in the indicator tables in Appendix 1. The Strategic Objective team has developed baselines and targets for 7 of the 8 indicators. Baselines and targets for the remaining indicator (Indicator 1) will be reported in next year's R; and data will be collected for fiscal year 1999.

***Strategic Objective No. 2: Carbon Dioxide Emissions and Pollution Reduced***

**Indicator 1:** Amount of carbon dioxide emissions prevented through the adoption of energy efficiency and renewable energy technologies

**Indicator 2:** Estimated percent reduction in pollution, in target industries

**Indicator 3:** Percent and number of enterprises or municipalities continuing to use RMS technologies and renewable energy systems without USAID financial support one year after installation.

***Intermediate Result 2.1: Viability of Resource Management Systems (RMS) technologies demonstrated at the pilot level***

**Indicator 4:** Number of kilowatt-hours of fossil fuel-based energy production averted by the use of energy efficiency technologies through USAID supported projects

**Indicator 5:** Economic benefit estimated from the installation of RMS technologies

***Intermediate Result 2.2: Viability of renewable energy technologies demonstrated at the pilot level.***

**Indicator 6:** Number of kilowatt hours produced at the pilot project level using renewable energy sources

***Intermediate Result 2.3: Selected policies in place that promote the use of RMS and renewable energy technologies.***

**Indicator 7:** Percent of annual policy goals achieved

***Intermediate Result 2.4: Improved Mexican institutional capacity for RMS and renewable energy technologies.***

**Indicator 8:** Number of Mexican institutions with adequate capacity in RMS and

renewable energy technologies.

***Intermediate Result 2.5:*** *Financing available for adoption of RMS and renewable technologies from the private sector, the GOM and other donors [independent of USAID assistance].* Because this IR is independent of USAID assistance, there are no indicators for it. The Mission will report in the narrative any relevant advances in this area.

## h. Performance Indicators and Annual Targets

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced <b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>INDICATOR 1:</b> Amount of carbon dioxide emissions prevented through selected energy efficiency measures and adoption of renewable energy technologies			
<b>UNIT OF MEASURE:</b> Thousands of Metric Tons of CO <sub>2</sub> emissions offset annually and throughout the life of the project	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Baseline 1993		0
<b>SOURCE:</b> G/ENV/EET Energy IQC and PASA USAID/DOE contractors	1994-1997		TBD
	1998	158.96 (annual target)	
<b>INDICATOR DESCRIPTION:</b> CO <sub>2</sub> emission benefits are calculated from the number of kilowatt-hours avoided through USAID funded energy efficiency and renewable energy investments. CO <sub>2</sub> emissions will be credited to the year following installation of energy saving equipment and renewable energy systems if equipment or system are operating successfully up to one year after installation. USAID/M will report both annual increments to this indicator and the cumulative emissions. USAID/Mexico is currently reviewing prior accomplishments under the climate change program to calculate an accurate value for CO <sub>2</sub> emissions avoided due to direct USAID investments from 1994-1997.	1999	68.10	
	2000	82.30	
	2001	82.30	
	2002	81.60	
	2003	80.90	

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced <b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>INDICATOR 2:</b> Estimated percent reduction in pollution, in targeted industries			
<b>UNIT OF MEASURE:</b> Mean percent reduction in use of raw materials	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Baseline 1994		0%
<b>Source:</b> G/ENV/EET Energy IQC contractors	1998	10%	
<b>INDICATOR DESCRIPTION:</b> This indicator will be calculated by determining the percent reduction in targeted raw materials associated with each pilot production process, as a result of the adoption of Resource Management Systems technologies (RMS). The mean percent reduction will be computed based on an average of all companies or municipalities successfully participating which are audited up to one year after implementation.	1999	15%	
	2000	20%	
	2001	20%	
	2002	20%	
	2003	20%	

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced			
<b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>INDICATOR 3:</b> Percent/Number of enterprises or municipalities continuing to use RMS technologies and renewable energy systems without USAID financial support one year after installation			
<b>UNIT OF MEASURE:</b> Percent/Number of participating individuals/ plants/municipalities	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Baseline 1993		0
<b>SOURCE:</b> G/ENV/EET Energy IQC and PASA USAID/DOE contractors	1998	60%	
<b>INDICATOR DESCRIPTION:</b> A firm or municipality is counted as successfully adopting RMS technologies if they implement at least 50 percent of the audit recommendations and demonstrate operation/maintenance of these technologies up to one year after the audits; a renewable energy enterprise is counted if the equipment is operating one year after installation. The information will be reported as a percent of the total number of clients participating in the pilot projects divided by the number of successful installations. This indicator is not cumulative.	1999	60%	
	2000	60%	
	2001	60%	
	2002	60%	
	2003	60%	

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced			
<b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>RESULT NAME:</b> Viability of RMS technologies and practices demonstrated at the pilot level			
<b>INDICATOR 4:</b> Number of kilowatt-hours of fossil fuel-based energy production averted by the use of energy efficiency technologies through USAID supported projects			
<b>UNIT OF MEASURE:</b> Millions of kilowatts-hours per year	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Baseline 1994		0
<b>SOURCE:</b> G/ENV/EET Energy IQC contractors	1997		278.77
	1998	243.78	
<b>INDICATOR DESCRIPTION:</b> This indicator is calculated by adding the kilowatt hours saved by adopting energy efficiency technologies (i.e. from the RMS audits). Kilowatt hours will be based on the expected lifetime for installed equipment/technology, and will be credited to the year following installation, provided that the equipment/technology is operating one year after installation. Expected lifetime of equipment/technology is 20 years unless otherwise noted. This indicator is not cumulative.	1999	104.00	
	2000	126.30	
	2001	126.30	
	2002	125.25	
	2003	124.20	

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced			
<b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>RESULT NAME:</b> Viability of RMS technologies and practices demonstrated at the pilot level			
<b>INDICATOR 5:</b> Economic benefit estimated from the installation of RMS technologies			
<b>UNIT OF MEASURE:</b> Amount in millions of U.S. dollars (cumulative)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	Baseline 1994		0
<b>SOURCE:</b> G/ENV/EET Energy IQC contractor	1998	4.0	
<b>INDICATOR DESCRIPTION:</b> This indicator is the energy or material savings (in dollars) and is one of the main outcomes reported through the implementation of energy/environment audits.	1999	5.0	
	2000	7.0	
<b>COMMENTS: Equations:</b> Example from the High Efficiency Motors Pilot Project; $\text{KWh} = \text{No. of high efficiency motors} \times \text{power} \times \text{use (time)} \times (\text{standard motor's efficiency} - \text{new motor's efficiency})$ $34,596 \text{ KWh/year} = 6 \times 22\text{KW} \times 6,000 \times (100/89 - 100/92.6)$ $34,596 \text{ KWh/year} = 792,000 \text{ KWh/year} \times (0.043682)$ $34,596 \text{ KWh/year} \times 0.5 \text{ cents/kWh} = 17,298.00 \text{ dollars}$ <b>Equivalences:</b> 6 high efficiency motors, 22KW power each; 6,000 hrs a year of use; 1.1235 standard motor's efficiency; 1.0799 new motor's efficiency. This indicator is cumulative.	2001	8.8	
	2002	9.4	
	2003	11.0	



<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced through Resource Management Systems (RMS) and Renewable Energy Technologies and Practices <b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>RESULT NAME:</b> Viability of renewable energy technologies demonstrated at the pilot level			
<b>INDICATOR 6:</b> Number of kilowatt hours produced at the pilot project level using renewable energy sources			
<b>UNIT OF MEASURE:</b> Thousands of kilowatt hours (cumulative)	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
	1996	Baseline 0.00	670.00
<b>SOURCE:</b> PASA USAID/DOE contractor	1997	2,500	2,653.00
	1998	3,000	
<b>INDICATOR DESCRIPTION:</b> This indicator measures the kilowatt hours installed/averted from the implementation of the renewable energy program. Kilowatt hours are based on lifetime expected energy production for each installed project and are credited to the year after projects are installed if equipment is operating one year after installation. Projects to be included in the calculations include only those installed directly through the program.	1999	3,500	
	2000	4,000	
<b>COMMENTS:</b> The general equation for computing kilowatt hours installed for a given project is: Total kilowatt hours = kW installed *hours used/day *365 days/year * life of project  For example in 1994 a solar project was installed in Estación Torres, Sonora with a capacity of 0.48 kw. The equipment can be used for 6 hours per day and has an assumed lifetime of 20 years. Thus we calculate that 21,024 kwh are averted by this project: 0.48 kw * 6 hours/day * 365 days/year * 20 years =21,024 kwh The total kilowatt hours reported by USAID/Mexico each year is the sum of kilowatt hours saved by each project that was successfully installed the prior year.	2001	5,500	
	2002	6,500	
	2003	7,500	

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced					
<b>COUNTRY/ORGANIZATION:</b> USAID/Mexico					
<b>RESULT NAME:</b> Selected policies in place that promote the use of RMS and renewable energy technologies					
<b>INDICATOR 7:</b> Percent of annual policy goals achieved.					
<b>UNIT OF MEASURE:</b> Percent of policy goals	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL EE</b>	<b>ACTUAL PP</b>	<b>ACTUAL RE</b>
Source: G/ENV/EET Energy IQC and PASA USAID/DOE contractors, Secretary of Energy, CONAE, CFE, FIDE, CMPL, and FIRCO	Baseline 1997		0%	0%	0%
	1998	80%			
<b>INDICATOR DESCRIPTION:</b> Selected USAID/Mexico SO2 partners will develop annual policy objectives and present these on an annual work plan. At the end of each fiscal year their accomplishments will be evaluated relative to these objectives. For a list of long term policy objectives see annex 1.	1999	80%			
	2000	80%			
	2001	80%			
	2002	80%			
	2003	80%			

<b>STRATEGIC OBJECTIVE 2:</b> Carbon Dioxide Emissions and Pollution Reduced			
<b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>RESULT NAME:</b> Improved Mexican institutional capacity in RMS and renewable energy technologies			
<b>INDICATOR 8:</b> Number of Mexican institutions with adequate capacity in RMS and renewable energy technologies			
<b>UNIT OF MEASURE:</b> Number of Institutions	<b>YEAR</b>	<b>PLANNED</b>	<b>ACTUAL</b>
<b>Source:</b> Local Partners	Baseline 1998	0	
<b>INDICATOR DESCRIPTION:</b> This indicator measures the institutional capacity of primary USAID/Mexico partners to implement and sustain RMS and renewable energy programs as measured by an institutional index developed by our partners (annex 2). The index monitors progress in 5 categories: leadership and management, programs, human resources, financial resources, and communication, and is developed for the specific role that the institution is to play in the sector. - CONAE RMS - FIDE - CMPML - CONAE Renewables - FIRCO - ANES Institutions which obtain a mean score between 8-9 on all five categories will be counted as having adequate institutional capacity. This indicator is cumulative.	1999	2	
	2000	2	
	2001	3	
	2002	3	
	2003	4	

## **Annex 1: Long Term Policy Objectives for SO<sub>2</sub>: Carbon Dioxide Emissions and Pollution Reduced**

### **RMS-ENERGY EFFICIENCY (EE):**

1. Completion of 17 energy efficiency standards;
2. Selected regulations/incentives and developed and approved to complement the legal regulatory framework;
3. Reforms and additions to the Energy Efficiency Law, which will make the above standards mandatory.

### **RMS-POLLUTION PREVENTION (PP):**

1. Assessment of barriers to pollution prevention in selected industrial sectors;
2. Develop policies and incentives that eliminate barriers and promote pollution prevention approved;
3. Carry out Public reviews of proposed policies/incentives options for pollution prevention ;
4. Approved revisions to the legal/policy framework.

### **RENEWABLE ENERGY (RE):**

1. Formal inclusion of renewable energy technologies in the Alianza para el Campo Program managed by the Secretariat of Agriculture;
2. Selected Policy frameworks for renewable technologies developed and applied to energy efficiency initiatives (i.e, solar hot water systems);
3. The Comisión Federal de Electricidad meeting their presidential mandate for rural electrification by the year 2000.

## Annex 2 : Institutional Strengthening Index and baseline values for SO2: Carbon dioxide emissions and pollution reduced.

### Institutional Index

The 5 pre-specified categories are: 1) Leadership; 2) Programs; 3) Human Resources; 4) Financial Resources, and 5) Communications.

The system for evaluating the five pre-specified categories are:

- 1) 1-3 points: Training activities are urgent. Partner organizations' achievements are minimal and are inconsistent with its missions expectations.
- 2) 4 - 7 points: Training is clearly needed to help partner organizations to better define their strengths and weaknesses.
- 3) 8-10 points: Minimal assistance needed. Partner organization has achieved significant results and has a solid organizational structure. Periodic evaluation processes have been adopted. Clear willingness for Training activities are incorporated into an institutional strengthening program. At this level, the partner organization could be an excellent ally in assisting other institutions.

### Baseline Scores for USAID/M's primary SO2 partners.

Category	Institution			
	FIDE	CONAE	CMPL	FIRCO
Leadership	10	7	8	9
Programs	5	7	8	9
Human Resources	6	8	7	8
Financial Resources	10	5	7	10
Communications	5	9	8	7

## **2. AGENCY GOAL: DEMOCRACY AND GOOD GOVERNANCE STRENGTHENED**

### **Overview**

Mexico is transforming its political system toward deepened democracy. Recent changes and developments in government and in the society in which it functions are numerous and significant, and for many observers, the presidential election in the year 2000 will be a key measure of the progress of the country's democratic opening. These democratic changes include moving toward greater levels of political competition, more effective democratic institutions, greater access to justice, a greater balance of powers between the branches of government (executive, legislative, and judicial) and between the national government and the state and local governments, more effective political institutions, a civil society that is more engaged in political processes and a new democratic culture in both public and private life.

While recent institutional reforms, increasing electoral competition, and greater levels of citizen participation are producing unprecedented levels of democratic change in Mexico, these developments have occurred in a political environment still confronting many challenges to democracy. Corruption, human rights abuses and public insecurity are deep rooted problems that continue to challenge the progress of Mexico's democratic transition nationwide and at all levels of government. In the southern states of Oaxaca, Guerrero and Chiapas, politically motivated violence continues. The situation in all three states, and in Chiapas in particular, raises deep concerns in Mexico about human rights abuse, the role of paramilitary groups, and a general situation of increasing militarization in the countryside. The Chiapas peace process has been a focal point of activities for many civil society groups and citizens around the country and particularly in the national capital. The region continues to attract considerable international attention and foreign visitors, some of whom have been detained in Chiapas and/or expelled or deported from Mexico.

Yet as the deep challenges to democracy continue to confront Mexicans and their government at many levels, the changes that have been registered recently in Mexico's political arena are significant and warrant support. After more than seven decades of political dominance by a single political party (the PRI or Institutional Revolutionary Party), the role of opposition parties has changed. Opposition parties hold the majority in the Lower House of Federal Congress and an increasing number of state and local governments, including the Federal Capital. Now 32% of Mexicans are living under opposition controlled state or Federal District governments. These changes have come about through an increasingly open and honest electoral system, the first essential building block of democracy. USAID has supported recent electoral reforms through USAID Development Assistance and State Departments Economic Support Fund.

Electoral improvements have been followed by other important developments. In 1994, President Zedillo initiated justice system reforms by ordering the resignation of the entire

Supreme Court. Then he created a new independent administrative body, the Federal Judicial Council, to administer the federal court budget, and the selection and education of federal judiciary. Now all judges are selected or promoted by means of a merit based examination process, through which 40% of the approximately 500 sitting federal judges have passed.

Changes in the electoral processes have also opened the way for more competition and participation in the selection of national and local officials. Progress made here will be furthered if existing institutions improve their ability to respond to new demands and adopt new practices and new rules of the political game which would transfer power to citizens. The demand for city administrators to deliver better services cuts across party lines, and electoral wins increasingly depend on candidates' potential to deliver. This trend has fueled a multi-partisan municipal development movement to advocate for further devolution of authorities and resources from the federal to the state and local level.

Mexico always has had a constitutional separation of powers but it was not until the Fall 1997 budget adoption process that the Lower House of Congress emerged as more than a rubber stamp. The new majority opposition block in the Lower House of Congress and NGOs active in the reform of the state effort are working diligently to implement administrative changes to strengthen the Congress as an effective check on the executive.

This trend toward deeper democratic development is echoed within civil society. The July 1997 midterm elections were acclaimed by international observers as the fairest and most open in Mexican history, due significantly to the 1,000,000 Mexicans citizens who served as voluntary poll workers and official observers. This historic mass demonstration of civic responsibility is also evident in the dramatic increase in citizen groups demanding input into government decision-making, especially by grassroots organizations that focus on municipal governments. Thus, the door has been opened for significant advances in the quality of democracy through citizen capacity to articulate demands, monitor the public sector and to promote increased participative and responsive citizen-government relations.

**MISSION STRATEGIC  
OBJECTIVE No. 3:**

**Strengthened AND MORE  
RESPONSIVE DEMOCRATIC  
INSTITUTIONS AND CITIZENRY**

**a. Strategic Objective, Development Hypothesis and Relation to Agency Goals and Objectives** (See Figure 8)

**Agency Goal:** Democracy and Good Governance Strengthened

- |                       |   |
|-----------------------|---|
| <b>Objective 2.1:</b> | Rule of Law and Respect for Human Rights of Women as Well as Men Strengthened |
| <b>Objective 2.3:</b> | The Development of Politically Active Civil Society Promoted                  |
| <b>Objective 2.4:</b> | More Transparent and Accountable Government Institutions Encouraged           |

**Mission SO:** Strengthened and More Responsive Democratic Institutions and Citizenry

**SO Development Hypothesis:** Support for democratic reform initiatives led by Mexican citizens and key areas of the public sector will lead to stronger democratic institutions, increased balance of powers, and a government which will absorb and meet citizen demands by peaceful means; create a stable trade and investment environment; develop a political climate more able to address issues of public security, poverty alleviation and economic opportunities for Mexico's migrating poor; and meet cross-border demand for environmental protection.

**Time Frame: FY 1999 - FY 2003**

**b. Problem Analysis.** USAID/Mexico's Democracy and Governance Strategy proposes to take advantage of the unprecedented point of convergence between United States policy goals and the increasingly demonstrated democratic will of Mexicans and their government. Mexico's major position on the U.S. foreign policy agenda coupled with the approach of the 2000 Mexican presidential race creates a major window of opportunity for contributing to U.S. interests through support for continued democratization in Mexico. Critical U.S. policy issues such as national security, American citizens and U.S. borders, trade and investment, environmental protection, narcotics trafficking and migration are of more immediate concern to the United States in Mexico than in other country. Increased democracy in Mexico will be key to facilitating a binational relationship which promotes political, economic, health and social well-being for citizens on both sides of the border.

USAID and its partners and customers have identified critical areas where assistance can make a difference and help Mexicans advance their own democratic initiatives: rule of law and the related system for administration of justice; the devolution of effective power to local governments; and the strengthening of the Congress's capacity to function as an effective



## ***DEMOCRACY***

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### ***S.O. #3: Strengthened and More Responsive Democratic Institutions and Citizenry***

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#### ***Intermediate Result 3.1***

***Judicial Reform  
Being Implemented***

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#### ***Intermediate Result 3.2***

***More Capable and  
More Responsive  
Municipal Governments***

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#### ***Intermediate Result 3.3***

***Stronger and  
More Representative  
Mexican Congress***

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#### ***Intermediate Result 3.4***

***Increase in Effective  
Citizen Organization  
Advocacy and  
Institutional Viability***

**FIGURE 8**

check on the exercise of power by a central executive. Advances in these areas are key to transforming the vertical, hierarchical political structures that historically controlled a highly centralized one-party system. This process is commonly described as the reform of the state, and in Mexico receives growing multipartisan support. It represents an institutional reorientation and democratization which challenges and transcends the traditional exercise of government. An important factor, critical to advances in *each of* these priority areas is the role of the citizen. As citizens are the basis of consent on which democracy rests, in a democratic system the citizen must be a partner in government. An informed and institutionally viable civil society which articulates the concerns of citizens can more effectively point out flaws in the democratization process, and can better advocate improved laws and/or procedures.

### **c. Critical Assumptions and Causal Relationships**

#### ***Critical Assumptions***

- Popular demands for a deepening of the institutional transition and the resolution of certain discrete problems will remain strong enough to prevent the ruling party from capitalizing on the political transition and paralyzing further reform efforts.
- Interest in reform is sufficient to facilitate dissemination and adoption of best practice models.
- Public sector resources will continue to be sufficient to finance reformed practices.
- Mexican sensitivities regarding foreign influence in internal political matters will not increase nor impede the ability of USAID partners to carry out their activities.
- Provision of expected funding from State Department (ESF and INL), and USAID DA.
- Armed conflict in Chiapas remains unresolved, however, government and citizen attention to this issue will not limit the potential for progress on democratic reforms in other areas of the country.

#### ***Causal Relationships***

#### ***Strategic Objective 3: Strengthened and More Responsive Democratic Institutions***

***and Citizenry*** This SO focuses on strengthening institutions to enable each to better perform its constitutionally defined function and better absorb and meet demands of ALL citizens in the new Mexican democracy. The end result will be a democratic system where power is shared more equally between the branches of government (executive, legislative, and judicial) and between the national government and its state and local counterparts. By 2003, all areas of this system will have increasingly recognized the essential role of citizens and civil society organizations as a means to continue and sustain democratic reforms, contributing to a new democratic culture in both public and private life.

#### **Intermediate Result 3.1: Judicial reform being implemented**

This IR supports efforts of Mexican judiciary to implement existing and future judicial reforms and supports CSO efforts to increase access to justice. The end result will be a better

functioning and more independent judiciary.

**Intermediate Result 3.2: More capable and more responsive municipal governments**

It is at the local and municipal level where a competitive party system is developing and where demands for accountable, transparent, and competent government are greatest. This IR supports the development of models for good local governance practices with municipalities and municipal associations which will serve as new standards for excellence nationwide.

**Intermediate Result 3.3: Strengthened and more representative Mexican Congress**

This IR supports enhanced congressional capabilities in the budget process, development of professional staff and new internal rules for the multiparty Congress, and the implementation of mechanisms to better link the Congress with the public. The end result will be a Congress more able to check the executive branch and to better represent constituents.

**Intermediate Result 3.4: Increase in effective citizen organization advocacy and institutional viability**

This IR supports activities of civil society organizations to inform citizens of their rights in Mexico's democratic system and to provide them with skills and tools to monitor government and to effectively articulate, mobilize and channel their demands, sustaining recent reforms and furthering consolidation of democracy.

**d. Commitment and Capacity of Development Partners.** USAID's development partners in the Democracy program include government institutes, universities, PVOs and NGOs that assist in furthering the reforms initiated by USAID's customers: the courts, the Congress, municipalities, and citizen groups.

*Justice Sector* -- Partners in the Rule of Law IR include the National Center for State Courts, the UNAM Institute of Juridical Research, the Law School of the University of Texas at Austin, and the Center for Assistance to Victims of Crime (CENAVID) in Guadalajara, Jalisco. Additionally, the Mexican Federal Judicial Council signed a MOU in November 1997 with the National Center for State Courts and the U.S. Federal Judicial Center agreeing to develop a continuous judicial exchange program. To demonstrate their commitment, the Mexican Judiciary committed GOM funds to fully cover costs for their participation in the series of exchanges and conferences planned over the next few years.

*Local Governments* -- In the Local Government IR, USAID's main partner is the International City Managers' Association (ICMA) which has demonstrated its commitment to municipal development in Mexico through its continuous efforts to seek new opportunities with municipalities and NGOs throughout the country. Its practical approach to technical assistance, depending primarily on pro-bono labor from U.S. member cities, its ability to leverage private sector funding, and its focus on "nuts and bolts" skill building, has set an example in efficiency and ingenuity for all of its Mexican counterparts. Other development partners in the Local Government IR are: the Mexican Association of Municipalities (AMMAC), the PRD Municipal Training Institute, the newly formed Association of PRI Mayors, the Center for Municipal Services (CESEM), and the National Center for Municipal

Development (CEDEMUN).

Other major donors working in municipal development, include the Interamerican Development Bank and the World Bank, which will re-initiate in 1998 its Southern States Initiative to support infrastructure development in rural municipalities. The Bank is consulting with ICMA and USAID Mexico on their implementation plan for this new effort. The Ford Foundation supports municipal development experts to articulate a series of municipal reform proposals and support municipal association advocacy to state legislatures and at the National Congress.

*Congress* -- Congressional reform partners will include a strong international institute with experience in legislative strengthening programs, working with a local counterpart NGO.

*Civil Society* -- USAID/Mexico's primary partner in the area of civic participation is the Citizens Movement for Democracy (Movimiento Ciudadano por la Democracia, MCD), which serves as an umbrella organization for over 120 Mexican NGO affiliates throughout the country. Through this extensive network, USAID assistance enables MCD to disseminate highly professional informational materials on civic issues and to train trainers. These trainers have been able to train thousands of Mexicans in grassroots organizations about civil and constitutional rights, election observation and monitoring, institutional strengthening and most recently, building effective working relationships with local governments to achieve common goals. Other partners include Semillas, a women's NGO whose activities include advocacy training and support to a broad network of women's groups nation-wide, and the Escuela de Capacitación Cívica (ECC, School for Civic Training), an organization which focuses on civic education activities for young people also on a national scale. These three civil society partners also receive support from other donors, including the National Endowment for Democracy, the Ford Foundation, the Kellogg Foundation, and the Lippincott foundation and several Mexican foundations.

#### **e. Illustrative Approaches**

##### ***Strategic Objective 3: Strengthened and More Responsive Democratic Institutions and Citizenry***

##### ***Intermediate Result 3.1: Judicial Reform Being Implemented***

**U.S.-Mexico Judicial Exchange** -- Continue cooperative agreement assistance with the National Center for State Courts for the judicial exchange program. The Advisory Committee will facilitate border conferences on organized crime, narcotics trafficking, extradition, commercial law and immigration. Exchanges and visits by Mexican judges with U.S. jurists and legal reform experts, visits to U.S. bar associations and to international judicial conferences on corruption and judicial discipline.

**Conferences on U.S. Law** -- Continue grant assistance to UT Austin for courses on the U.S.

legal system.

**Graduate Judicial Law Programs** -- Continue grant assistance to the UNAM Institute of Juridical Research for the development of a model Masters' degree curriculum for state judges.

**State Court Program** -- Work with a state court system to implement judicial reforms and develop best practice models for replication in other states. Program will focus on improving court administration, court technology, judicial discipline and judicial education.

**ADR Pilot** -- Continue grant assistance for CENAVID (Center for Attention to Victims of Crime) for our Alternative Dispute Resolution (ADR) program, using court annexed mediation centers to relieve court caseloads and promote access to justice for underprivileged sectors, particularly the poor, women and indigenous people.

***Intermediate Result 3.2: More Capable and More Responsive Municipal Governments***

**U.S.-Mexico Partnership for Municipal Development** -- Continued grant assistance to ICMA, which together with cities in Arizona will provide technical assistance to cities in Mexico, focusing on municipal management, municipal finance and citizen participation. ICMA and U.S. counterparts will also provide assistance in urban service delivery areas such as water, wastewater, solid waste management and efficient use of energy as appropriate, and will address pressing municipal concerns such as public security and economic development. Lessons learned and best practices will be replicated in other Mexican municipalities through municipal associations and NGOs.

**Municipal Association Strengthening** -- Work with Mexican municipal associations to encourage nonpartisan cooperation, increase their ability to provide technical assistance to member municipalities, and work with the national and state Congresses to develop legislation in support of municipal development.

**Internet Municipal Information System** -- Will support an Internet-based municipal information system managed by an NGO, the Center for Municipal Services (CESEM) to share and disseminate information about best practice models among municipalities, research institutions, universities, and NGOs.

***Intermediate Result 3.3: Stronger and More Representative Mexican Congress***

**Congressional Capacity** -- Contractor will facilitate workgroup of international experts to assist the Congress in developing a system of permanent, non-partisan professional staff to carry out budget analysis and oversight, and in developing strengthened research capability and enhanced bill drafting capability. Will include Congressional exchanges, study tours and conferences.

**Citizen Input** -- Assist the Congress and civil society in developing improved mechanisms allowing the public to observe and contribute to an open legislative process and interact with representatives. Activities include assistance to Congress in organizing and conducting public hearings and assistance in developing citizen outreach capabilities, and also in training interest groups in the workings of the Congress and in presenting information to the Congress and in mobilizing congressional support.

***Intermediate Result 3.4: Increase in Effective Citizen Organization Advocacy and Institutional Viability***

**"Yo Ciudadano, Yo Gobierno" (Citizens are their Government)** -- Continue grant support for the Citizens' Movement for Democracy (MCD) in assisting its national network of 120 NGOs to collaborate with and monitor their governments and to participate in government planning processes. Includes support for NGO monitors in state and local elections. Will focus on institutional strengthening efforts, capacity-building workshops, civic education courses, citizen forums and debates on civic issues, assistance to develop advocacy strategies, and financial and technical support to affiliates. Assist MCD to develop an enhanced means of evaluating the institutional viability of its affiliates.

**Youth Civic Education Program** -- Grant to the Escuela de Capacitación Cívica (ECC) to support local youth NGOs nation-wide to educate young voters in election issues and increase the electoral participation of voters under the age of 25. Assist institutional strengthening of ECC.

**Endowment for Women's Advocacy** -- Grant support for Semillas (officially the Mexican Society for Women's Rights) to develop a permanent endowment for women's advocacy programs which will be funded with resources from the Mexican private sector.

**Solidarity Center Project** -- Regional program with the American Center for International Labor Solidarity (ACILS) which works with non-partisan unions to foster more democratic approaches to labor organization.

**f. Achievement of Sustainability.** Mexicans began their democraticization process with successful electoral reforms. They also have laid the foundation necessary for an independent and impartial judicial system. Mexican citizens are committed to further democratic reforms and initiatives are already underway in each of the areas of this SO. Unlike the majority of

countries where USAID operates, Mexico has many of the financial and technical resources needed to meet the challenges of democratization. Hence, the U.S. financial investment can remain relatively small (for a country of approximately 93 million citizens) and highly selective, yet facilitate lasting changes. Carefully targeted technical assistance will complement and work with Mexican resources to help those with innovative ideas to develop and implement them, and to provide, where appropriate, the lessons of our own experience in confronting similar problems.

#### **g. Judging Achievement of the Strategic Objective**

##### ***Strategic Objective 3: Strengthened and More Responsive Democratic Institutions and Citizenry***

**SO Indicator:** Degree of power sharing among the Federal Executive, Legislative and Judicial Branches, Local Governments and Mexican Citizens (Democratic Checks and Balances Index and Expert Panel)

##### ***Intermediate Result 3.1: Judicial Reform Being Implemented***

**Indicator 3.1.1** Increased requests for involvement leading to specific activities which impact on reform (AOJ Assistance Index measure/Expert Panel)

**Indicator 3.1.2** Percentage of total civil cases of targeted types processed through Alternative Dispute Resolution mediation centers in target states.

##### ***Intermediate Result 3.2: More Capable and More Responsive Municipal Governments***

**Indicator 3.2.1** Degree of citizen participation in local government decision-making in target municipalities (score received by target municipalities on Citizen Participation Index)

**Indicator 3.2.2** Degree of municipal capacity to deliver services in target municipalities (score received by target municipalities in Municipal Capacity Index)

##### ***Intermediate Result 3.3: Stronger and More Representative Mexican Congress***

**Indicator 3.3.1** Percentage of all bills originating in the Executive which were amended by the Lower House of Congress

**Indicator 3.3.2** Percentage of bills initiated in the Lower House of Congress

which became law

**Indicator 3.3.3** Percentage of total House Committee meetings open to the public

***Intermediate Result 3.4: Increase in Effective Citizen Organization Advocacy and Institutional Viability***

**Indicator 3.4.1** Degree of effective organization advocacy (Score on Citizen Organization Advocacy Index)

**Indicator 3.4.2** Degree of institutional viability of target civil society organizations (Score on Institutional Viability Milestone Index)



## h. Performance Indicators and Annual Targets

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <b>ORGANIZATION/COUNTRY:</b> USAID/MEXICO			
<b>SO INDICATOR:</b> Degree of power sharing among the Federal Executive, Legislative and Judicial Branches, Local Governments and Mexican Citizens			
<b>UNIT OF MEASURE:</b> Score determined by Expert Panel	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
	1998 Base		
<b>SOURCE:</b> Democratic Checks and Balances Index and Expert Panel	1999		
<b>INDICATOR DESCRIPTION:</b> This indicator will measure progress towards a democratic system where power is shared more equally between the branches of government (executive, legislative, and judicial) and between the national government and its state and local counterparts, and the increased importance of citizen and civil society organization contributions to a new democratic culture.	2000		
<b>COMMENTS:</b> Determination is annual.  Baselines and targets for each program will be established in June 1998  <b>Data Reliability Assessment:</b> An Expert Panel will be convened annually to determine and rate the progress of this SO.	2001		
	2002		
	2003		

### Intermediate Result 3.1: Judicial reform being implemented

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <b>ORGANIZATION/COUNTRY:</b> USAID/MEXICO			
<b>RESULT NAME:</b> Judicial reform being implemented			
<b>INDICATOR 3.1.1:</b> Significance of activities carried out that respond to Mexican Justice Sector requests for U.S. assistance on target topics			
<b>UNIT OF MEASURE:</b> Score determined by Expert Panel	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
	1998 Base		
<b>SOURCE:</b> Expert Panel, following guidelines of a Judicial Reform Milestone Index of requested assistance areas	1999		
<b>INDICATOR DESCRIPTION:</b> Significance of activities carried out between Mexican and American judges, lawyers and academics that respond to Mexican Justice Sector requests for assistance, in areas of judicial ethics; formation of Mexican State Court Association; improvement of court technology; request for criminal law programs (including criminal procedure, extradition, narcotics trafficking and organized crime); a model state court program; alternative dispute resolution mechanisms, and graduate level educational programs and curriculum development for members of government justice sector.	2000		
<b>COMMENTS:</b> Determination is annual.  Baselines and targets for each program will be established in June 1998  <b>Data Reliability Assessment:</b> An Expert Panel of international judicial experts will be convened annually to determine and rate the significance of activities carried out in the above-mentioned areas, following guidelines of Judicial Reform Milestone Index determined for each area.	2001		
	2002		
	2003		

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <span style="float: right;"><b>COUNTRY/ORGANIZATION:</b> USAID/Mexico</span>			
<b>RESULT NAME:</b> Judicial reform being implemented			
<b>INDICATOR 3.1.2:</b> Percentage of total civil cases of targeted types processed through Alternative Dispute Resolution mediation centers in target municipalities			
<b>UNIT OF MEASURE:</b> Percentage	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CENAVID (Center for Attention to Victims of Crime), official court records.	1998 Baseline		
<b>INDICATOR DESCRIPTION:</b> This indicator measures the increase in use of ADR vs. traditional court proceedings.	1999		
<b>COMMENTS:</b> Percentage is annual.  CENAVID is developing a referral system with the Jalisco state court system to determine the types of civil cases permitted by the court system to be processed through mediation centers.  Baselines and targets will be established in June 1998 during development of performance monitoring plan.  <b>Data Reliability Assessment:</b> Data from official court records and CENAVID record-keeping	2000		
	2001		
	2002		
	2003		

## Intermediate Result 3.2: More capable and more responsive municipal governments

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry					
<b>APPROVED:</b>		<b>ORGANIZATION/COUNTRY:</b> USAID/MEXICO			
<b>RESULT NAME:</b> More capable and more responsive municipal governments					
<b>INDICATOR 3.2.1:</b> Degree of citizen participation in local government decision-making					
<b>UNIT OF MEASURE:</b> Achieved increase in score on Local Government Capacity Milestone Index by selected municipalities	<b>YEAR</b>	<b>MODEL</b>		<b>SECONDARY</b>	
		Plan	Act	Plan	Act
	1998 Baseline				
<b>SOURCE:</b> Local Government Capacity Milestone Index	1999				
<b>INDICATOR DESCRIPTION:</b> This indicator measures the level to which governments in model and secondary municipalities facilitate citizen participation in government decision-making.	2000				
<b>COMMENTS:</b> Model municipalities from the state of Jalisco participate in the ICMA Resource Cities Program. The experience and best practices from these models will be replicated in "secondary" municipalities in Jalisco.  Baselines and targets will be established in June 1998 with model municipalities as part of the municipal diagnostic process.	2001				
	2002				
	2003				
<b>Data Reliability Assessment:</b> Data will be collected by ICMA staff directly from participating municipalities.					

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry					
<b>APPROVED:</b>		<b>ORGANIZATION/COUNTRY:</b> USAID/MEXICO			
<b>RESULT NAME:</b> More capable and more responsive municipal governments					
<b>INDICATOR 3.2.2:</b> Degree of municipal capacity to deliver basic services					
<b>UNIT OF MEASURE:</b> Achieved increase in score on Local Government Capacity Milestone Index by selected municipalities	<b>YEAR</b>	<b>MODEL</b>		<b>SECONDARY</b>	
		Plan	Act	Plan	Act
	1998 Baseline <b>Baseline</b>				
<b>SOURCE:</b> Local Government Capacity Milestone Index	1999				
<b>INDICATOR DESCRIPTION:</b> This indicator measures the level of implementation of self-sufficiency in model and secondary municipalities	2000				
<b>COMMENTS:</b> Model municipalities from the state of Jalisco participate in the ICMA Resource Cities Program. The experience and best practices from these models will be replicated in "secondary" municipalities in Jalisco.  Baselines and targets will be established in June 1998 with model municipalities as part of the municipal diagnostic process. <b>Data Reliability Assessment:</b> Data will be collected by ICMA staff directly from participating municipalities.	2001				
	2002				
	2003				

### Intermediate Result 3.3: Stronger and more representative Mexican Congress

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <b>COUNTRY/ORGANIZATION:</b> USAID/Mexico			
<b>RESULT NAME:</b> Stronger and more representative Mexican Congress			
<b>INDICATOR 3.3.1:</b> Percentage of all bills originating in the Executive amended by the Lower House of Congress			
<b>UNIT OF MEASURE:</b> Percentage	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Congressional Publication, <i>Iniciativas Presentadas al Congreso</i>	1998 Baseline		
<b>INDICATOR DESCRIPTION:</b> Data from <i>Iniciativas Presentadas al Congreso</i> will be used to determine both the number and percentage of executive bills amended by the Lower House	1999		
<b>COMMENTS:</b> Percentage calculated annually  Data from the 1996-1997 legislative year and the first four months of the 57th congress will be used to set baseline and targets.  <b>Data Reliability Assessment:</b> Data obtained from Congressional publications	2000		
	2001		
	2002		
	2003		

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <b>ORGANIZATION/COUNTRY:</b> USAID/MEXICO			
<b>RESULT NAME:</b> Stronger and more representative Mexican Congress			
<b>INDICATOR 3.3.2:</b> Percentage of bills initiated in the Lower House which become law			
<b>UNIT OF MEASURE:</b> Percentage	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
	1998 Base		
<b>SOURCE:</b> Congressional Publication, <i>Iniciativas Presentadas al Congreso</i>	1999		
<b>INDICATOR DESCRIPTION:</b> Data from <i>Iniciativas Presentadas al Congreso</i> will be used to determine both the number and percentage of legislative proposals which were generated in the Lower House and how many became law	2000		
<b>COMMENTS:</b> Percentage calculated annually.  Data from the 1996-1997 legislative year and the first four months of the 57th congress will be used to set baseline and targets.  <b>Data Reliability Assessment:</b> Data obtained from Congressional publications	2001		
	2002		
	2003		

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <span style="float: right;"><b>COUNTRY/ORGANIZATION:</b> USAID/Mexico</span>			
<b>RESULT NAME:</b> Stronger and more representative Mexican Congress			
<b>INDICATOR 3.3.3:</b> Percentage of House Committee meetings open to the public			
<b>UNIT OF MEASURE:</b> Percentage	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> House Public Participation Committee records and interviews with Committee staffs	1998 Baseline		
<b>INDICATOR DESCRIPTION:</b> This indicator will document the increase in House efforts to seek citizen input into the decision-making process.	1999		
<b>COMMENTS:</b> Percentage will be calculated annually.  Data from the first year of the 57th Congress (beginning September 1997) will be used to set the baseline and targets  <b>Data Reliability Assessment:</b> All House committees keep meeting records and note of which meetings are open to the public. USAID will work through a local or international contractor to collect the data from House Committees through an information sharing agreement	2000		
	2001		
	2002		
	2003		



**Intermediate Result 3.4: Increase in effective citizen organization advocacy and institutional viability**

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <b>ORGANIZATION/COUNTRY:</b> USAID/MEXICO			
<b>RESULT NAME:</b> Increase in effective citizen organization advocacy and institutional viability			
<b>INDICATOR 3.4.1:</b> Degree of effective citizen organization advocacy			
<b>UNIT OF MEASURE:</b> Score on Citizen Organization Advocacy Index achieved by target organizations.	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
	1998 Base		
<b>SOURCE:</b> Citizen Organization Advocacy Index	1999		
<b>INDICATOR DESCRIPTION:</b>	2000		
<b>COMMENTS:</b> Score is annual.  USAID/Mexico will contract with a local Mexican NGO with experience in evaluating advocacy effectiveness to establish baselines using a finalized Index in June 1998 as part of performance monitoring plan development.  <b>Data Reliability Assessment:</b> In years following 1998, target organizations and civil society groups will conduct self-evaluation after discussion and training with USAID in the use of the index. Final evaluations may be completed in conjunction with USAID.	2001		
	2002		
	2003		

<b>STRATEGIC OBJECTIVE 3:</b> Strengthened and more responsive democratic institutions and citizenry <b>APPROVED:</b> <span style="float: right;"><b>COUNTRY/ORGANIZATION:</b> USAID/Mexico</span>			
<b>RESULT NAME:</b> Increase in effective citizen organization advocacy and institutional viability			
<b>INDICATOR 3.4.2:</b> Degree of institutional viability of target civil society organizations.			
<b>UNIT OF MEASURE:</b> Score on Institutional Viability Index achieved by target organizations.	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Institutional Viability Milestone Index	1998 Baseline		
<b>INDICATOR DESCRIPTION:</b> Viability includes organization leadership, program planning and evaluation, human resource management, and financial resource management.	1999		
<b>COMMENTS:</b> Score is annual.  USAID/Mexico will contract with a local Mexican NGO with experience in institutional strengthening to establish baselines and targets using a finalized Index in June 1998 as part of performance monitoring plan development.  <b>Data Reliability Assessment:</b> In years following 1998, target organizations and civil society groups will conduct self-evaluation after discussion and training with USAID in the use of the index. Final evaluations may be completed in conjunction with USAID.	2000		
	2001		
	2002		
	2003		

### **3. AGENCY GOAL: WORLD POPULATION STABILIZED AND HUMAN HEALTH PROTECTED**

#### **MISSION STRATEGIC OBJECTIVE No. 4:**

#### **ENHANCED ACCESS, QUALITY, AND SUSTAINABILITY OF HIV/AIDS SERVICES AND INFORMATION FOR VULNERABLE POPULATIONS IN TARGETED AREAS**

#### **a. Strategic Objective, Development Hypothesis and Relation to Agency Goals and Objectives (See Figure 9)**

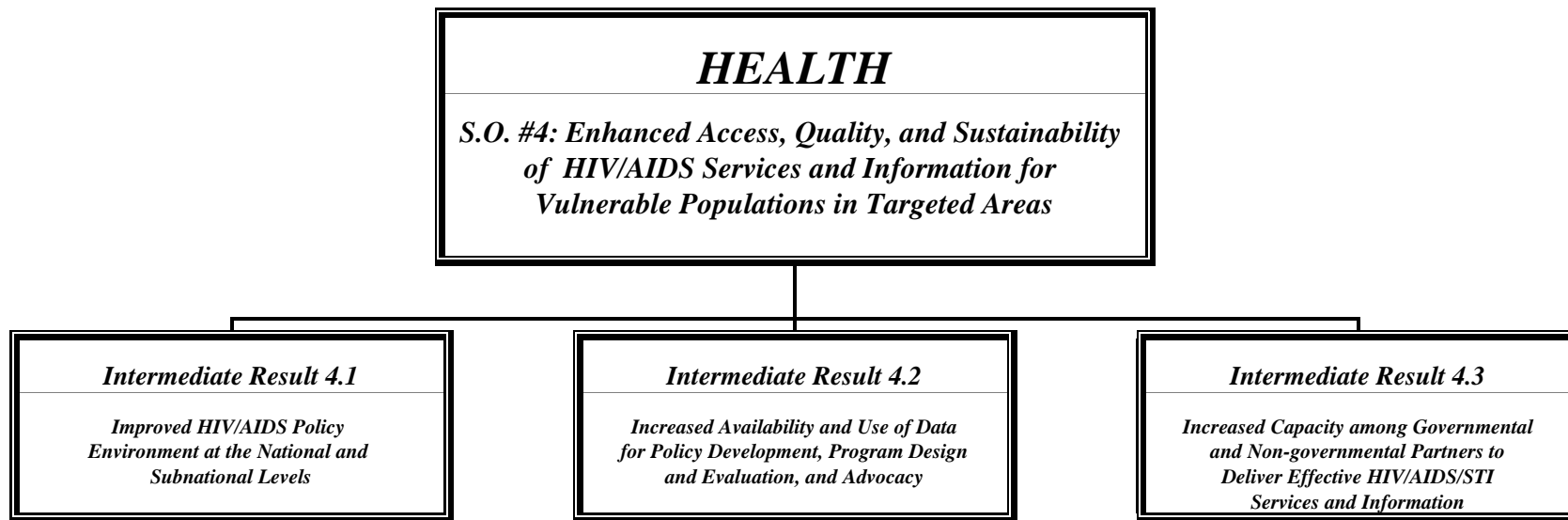
**Agency Goal:** World Population Stabilized and Human Health Protected

**Objective 4.4:** Increased Use of Improved, Effective and Sustainable Responses to Reduce HIV Transmission and to Mitigate the Impact of the HIV/AIDS Epidemic

**SO Development Hypothesis:** Enhanced access to, and quality of HIV/AIDS/STI information and services will lead to increased use of the information and services, and ultimately to more effective HIV/AIDS prevention.

**Time Frame:** FY 1999 - FY 2003

**b. Problem Analysis.** Mexico has the third largest HIV/AIDS epidemic in the Western Hemisphere after the U.S. and Brazil, with an estimated 53,000 cases as of December 31, 1997. The number of HIV positive people is estimated at more than 200,000. Mexico and Brazil together account for 7 out of 10 reported cases in Latin America, and Mexico alone accounts for 61% of reported cases in Middle America (Central America, Mexico and the Latin Caribbean). In our interconnected world, it is impossible for disease to be stopped at any border, and there is growing recognition that disease transmission around the globe can put the U.S. population at risk, both at home and when they travel abroad. This threat is even more significant in the case of Mexico, which shares a 2,000 mile border with the U.S. and large circular flows of people (300 million people crossed the border in 1996) and information through commerce, trade, tourism, migration, and family ties. Mexico also is an important transit country for immigrants to the U.S. from Central America and elsewhere. The combination of commercial sex, migration, mobility, marginalized indigenous populations, political strife, and poverty in Mexico make it a focal point for the expansion of HIV/AIDS throughout the Americas.



**FIGURE 9**

Two HIV epidemics are observed in Mexico: an urban epidemic, of older origin and affecting primarily men who have sex with men (MSM); and an emerging rural epidemic driven predominantly by heterosexual transmission. Trends toward heterosexualization and ruralization in Mexico are reflected in the falling male::female ratio of known cases, from 30::1 in 1986 to 6::1 in 1997, and an HIV prevalence in certain rural states which is doubling at twice the national rate (i.e., every 8 months). The rural epidemic is affecting populations that live in communities characterized by poverty, unemployment, discrimination against women, lack of access to health services and information, and rising numbers of sexually transmitted infections (STIs). These also are communities with high rates of circular migration northward and into the U.S.

The presence of STIs suggests a marked risk of concurrent HIV infection since the sexual behaviors that lead to STIs also promote the spread of HIV, and STIs actually enhance HIV transmission. High rates of STIs have been observed in several states, notably in Guerrero and Veracruz. Recent studies in women other than sex workers in Oaxaca and Guerrero show levels of bacterial vaginosis and gonorrhea comparable to figures for commercial sex workers in Mexico City.

Despite these alarming statistics, an aggressive prevention program can still circumscribe the disease. Assisting our Mexican neighbors in preventing a wider HIV/AIDS epidemic will be more cost effective, both in dollars and good will, than dealing with AIDS and its consequences once the disease has spread widely. Improving the quality of public and private sector HIV and STI services in Mexico and insuring that the most vulnerable populations are reached serves U.S. interests in helping to prevent infections to visitors from both sides of the border and to control and mitigate the HIV epidemic in Mexico, while helping to ensure that Mexicans who do come to the U.S. arrive better prepared for HIV prevention. Moreover, U.S. support in strengthening Mexico's HIV/AIDS capacity will counter the polarizing popular image of HIV as a U.S. import, presenting instead the constructive image of the U.S.' commitment to work in partnership with our neighbors to deal with a shared health problem.

Despite mounting evidence worldwide of the connection between STI prevention and treatment and HIV prevention, the importance of effective education, tracking, and management of STIs is only beginning to be recognized in Mexico. Information is needed to identify the most effective approaches for improving access to STI information and services for persons most at risk, for effective integration of STI information and treatment into existing services, and for a better understanding of the patterns of antimicrobial resistance, particularly for gonococcal infections, in order to adapt STI treatment guidelines for national use. Inadequate information about drug resistance patterns and local STI beliefs and practices, as well as health care providers' lack of knowledge or reluctance to treat STIs all constitute obstacles to efficient case management and ultimately to quality of care. CONASIDA's new normative responsibility for STIs represents an opportunity for capacity building in more effective management of STIs and improved performance of health care providers as well as a strategy for reducing new HIV infections among vulnerable populations.

Strategic planning and policy dialogue are especially crucial at the state level. The health system may well have difficulty maintaining expenditures for preventive programs because of continuing political pressure from people living with HIV for expensive treatment regimes. However, under decentralization, 70 percent of the MOH budget will be expended at the state level. All states are required to deliver an irreducible package of basic health services, currently not including STI treatment nor HIV/AIDS education and prevention. They may elect to provide additional services as dictated by local priorities. Planning and programming in these areas is left to the states, with oversight from CONASIDA. Participation and advocacy by NGOs, people living with HIV and other actors in civil society will also influence planning and programming at the state level.

### **c. Critical Assumptions and Causal Relationships**

- GOM will maintain or increase support for STI/HIV/AIDS services.
- CONASIDA's mandate and resources will be maintained.
- Target states will maintain political will and capacity to participate in this project.
- Religious groups will continue to oppose messages regarding condom use and safer sex, but will not gain stronger public support.
- MOH will continue to collaborate with USAID.
- CONASIDA will continue to have MOH mandate and budget to establish and supervise guidelines and norms in HIV/AIDS and STIs.
- Other donors will fulfill commitments to activities in HIV/AIDS/STI.

The Intermediate Results proposed are necessary steps toward achieving the Strategic Objective. The causal relationships between the Intermediate Results and the Strategic Objective are: the first Intermediate Result will lead to increased access, quality, and sustainability by improving strategic planning -- including maximizing adequate allocation of resources, supporting and promoting the adoption of national guidelines for HIV/AIDS and STI at the state level, and promoting the active support of civil society in policy dialogue and formulation, and advocacy.

The second Intermediate Result will increase the availability and use of data in policy-making, program design and evaluation, and advocacy by identifying effective interventions already carried out by NGOs, and from operations and intervention research conducted in target populations. This information will facilitate the design of new programs, and published interventions will serve as important footholds for moving to a larger scale with programs which have proved successful at the community level or in replicating these programs in other communities.

The third Intermediate Result leads to enhanced access, quality and sustainability by fostering increased capacity of governmental and non-governmental partners in the provision of HIV/AIDS/STI services and information. Effective linkages between the National AIDS Prevention Council, the State Prevention Councils (COESIDAS), and NGOs will be promoted to maximize coverage, cost effectiveness, responsiveness to local needs, and effective policy

dialogue and advocacy.

**d. Commitment and Capacity of Development Partners.** We clearly have several fully committed and capable partners in efforts to prevent HIV infections in Mexico starting with the Government of Mexico. In 1995, public expenditures (Ministry of Health, the Mexican Social Security Institute, and Social Security Institute for State Employees) in HIV/AIDS in Mexico amounted to \$41 million, with more than half (\$24 million) going to treatment and care, \$11 million for blood screening, and less than \$6 million toward prevention of sexual transmission; the latter accounts for 90 percent of reported cases. The MOH calculates that it will spend \$50 million in 1998 on new antiretroviral therapies alone. Although prevention remains the declared priority, political pressure is obliging the GOM to meet demands from the growing population of HIV positive people for new and costly drug therapies, jeopardizing resources for HIV/AIDS prevention.

Another partner, CONASIDA, the National Council for AIDS Prevention and Control (established in 1988) is the principal organization charged with responding to HIV/AIDS, and USAID/Mexico's most important partner. CONASIDA is charged with establishing and promulgating national guidelines for HIV/AIDS, and supervising states' adherence to and implementation of the guidelines.

As a result of health reform and the decentralization plan being implemented by the MOH, CONASIDA was elevated within the Ministry of Health structure in 1997 and its budget and mandate increased. In a major strategic change within the MOH, CONASIDA has been given authority for the development of national guidelines for sexually transmitted infections (STIs) and their integration into HIV/AIDS services.

The contribution of NGOs to prevention has been significant, consisting of information outreach to hard-to-reach client populations, service delivery where government programs are absent or inadequate, and advocacy on behalf of persons affected by HIV/AIDS. NGOs have been less effective in evaluating or disseminating information on their activities, collaborating with each other or with government programs, or creating networks that could enable them to have an impact beyond their own communities.

International donors also are major partners and their contributions, \$900,000 in 1995, constitute slightly more than one per cent of the total expenditures in HIV/AIDS in Mexico. Despite its small contribution, USAID represented more than 20 percent of the total international donor support being provided for HIV programs in Mexico.

An HIV/AIDS Theme Group of the six co-sponsoring agencies has been established with the **Pan American Health Organization (PAHO)** taking the lead. This year the UNAIDS program, established under WHO's Global Program on AIDS in 1996, will spend \$200,000 in Mexico: \$100,000 on communications; \$50,000 on reproducing materials for use in medical schools and health services; and \$50,000 for NGOs working in directly affected communities.

The World Bank has committed \$1 million to a regional project entitled "Latin America and the Caribbean Regional Initiative for AIDS/STD Prevention and Care" (SIDALAC). One component of the project, an AIDS impact model for countries of the region, will be an important policy and planning tool, especially in the context of health reform. The purpose of the project is to mobilize national and international efforts against HIV/AIDS in Latin America and the Caribbean through raising awareness among decision makers in the region, supporting the development of a new generation of programs to control AIDS, and developing a regional focus specific to Latin America and the Caribbean.

The Latin American Working Group on Women and AIDS (LAGWA) was created in January 1995 in Mexico at the National Institute of Public Health with support from the **MacArthur Foundation**. With funding of \$275,000, LAGWA's general objective is to increase the awareness of the public about the HIV/AIDS epidemic in women. LAGWA this year requested proposals from groups in Latin America working in prevention of HIV/AIDS among vulnerable groups of women. The **Ford Foundation** has a small program aimed at gender, sex education, and empowerment of women. Given that SIDALAC and LAGWA are both regional projects, actual funding for Mexico is very small.

The PROWID small grants project is currently funding three activities in Mexico aimed at stimulating empowerment of women and their participation in development.

The Government of Japan (GOJ) has designated Mexico a priority country for HIV/AIDS. They have carried out a needs assessment, but have not yet become involved in donor activities. Increased communication with JICA and leveraging of their resources for HIV/AIDS prevention will be a key goal under the proposed strategy.

**e. Illustrative Approaches.** Policy dialogue, advocacy, and strategic planning, are needed to insure that policy-makers remain convinced of the importance and cost effectiveness of prevention, without undermining the commitment to treatment and care. In addition, dissemination of data for use in policy development, program design and evaluation, and advocacy will promote informed and strategic decision-making among policy-makers and wider replication and incorporation of more effective approaches into HIV/AIDS/STI prevention and planning programs.

Policy dialogue, informed by data on effective approaches to prevention, and strengthened public and private sector participation are crucial to prevent new HIV transmission among the rural poor and subgroups such as adolescents who traditionally have limited access to information and services. Policy dialogue, supported by data on the cost-effectiveness of early prevention in an HIV/AIDS epidemic, will also be necessary to maintain/expand the prevention budget as compared to the treatment budget.



***Strategic Objective No. 4: Enhanced Access, Quality and Sustainability of HIV/AIDS Services and Information Programs for Vulnerable Populations in Targeted Areas***

***Intermediate Result 4.1: Improved HIV/AIDS Policy Environment at the National and Subnational levels***

Application of four UNAIDS strategic planning modules; workshops on advocacy skills for NGOs in target states; analysis of collected HIV/AIDS/STI expenditure data in selected states; technical assistance, training and research on resource allocation and mobilization in target states; policy dialogue workshops and seminars; and AIDS Impact Model (AIM) applications.

***Intermediate Result 4.2: Increased Availability and Use of Data for Policy Development, Program Design and Evaluation, and Advocacy***

Operations research to determine cost effective and sustainable approaches to provision of STI information and services; identification of effective mechanisms for dissemination of information to key players; intervention research with mobile populations along truck routes and migration pathways on Mexico's southern border; gathering of epidemiological and biological data for development of national STI guidelines and consensus building; operations research to determine barriers to health seeking behavior; capacity building in target states in interpretation of data; and small grants to state organizations for research in STIs.

***Intermediate Result 4.3: Increased Capacity of Governmental and Non-Governmental Partners to Deliver Effective HIV/AIDS/STI Services and Information***

External relations training, skills building, and planning workshop for NGOs from target states; workshops for NGOs within each target state; technical assistance in external relations and alliance building activities; workshops on sharing lessons and results with participation of partners not previously involved with HIV/AIDS; training of health care providers in national guidelines for HIV/AIDS and STIs; and strengthening of an in-country training institution to provide training, evaluation and supervision for health care providers in targeted areas.

**f. Achievement of Sustainability.** Strengthening existing NGOs and involving community-based organizations without prior work in HIV/AIDS, as well as effective collaboration between government and NGOs, can increase cost effectiveness and extend the reach of services and information, achieving improvements in access and quality, and enhancing the sustainability of interventions.

A focus on strategic planning and strengthening of local capacity and collaboration will build the institutional capacity necessary to a sustainable response to HIV/AIDS. Central to sustainability is the further development and use of the considerable expertise and experience which already exist in Mexico in HIV/AIDS. Through targeted use of resources and training geared to specific needs, Mexico's capacity will be increased to deal more effectively with its own AIDS situation, and to be an equal partner with the U.S. in combating this common

problem. This should yield an additional benefit of replacing contentiousness over this issue in bilateral relations with a more collaborative approach.

#### **g. Judging Achievement of the Strategic Objective**

##### ***Strategic Objective 4: Enhanced Access, Quality and Sustainability of HIV/AIDS Services and Information Programs for Vulnerable Populations in Targeted Areas***

- o Percentage of population of target areas covered by improved services
- o Number of target states with a specific budget for HIV/AIDS/STIs
- o Number of linkages established among CONASIDA/COESIDAs, NGOs and Public Sector in target states
- o Percentage of clients correctly managed for STIs/HIV, i.e. according to national guidelines, at public facilities in target states

##### ***Intermediate Result 4.1: Improved HIV/AIDS Policy Environment at the National and Subnational levels***

- o Change in AIDS Policy Environment Score (APES)
- o Inclusion of HIV/AIDS in the basic health package of each target state

##### ***Intermediate Result 4.2: Increased Availability and Use of Data for Policy Development, Program Design and Evaluation, and Advocacy***

- o Change in research/evaluation component of AIDS Policy Environment Score (APES)
- o Number of uses of data to improve program design/implementation/evaluation in target states

##### ***Intermediate Result 4.3: Increased Capacity of Governmental and Non-Governmental Partners to Deliver Effective HIV/AIDS/STI Services and Information***

- o Number of non-traditional partners in target states starting or increasing involvement in HIV/AIDS prevention or care
- o Increase in percentage of leading NGOs in target states with strategic plans
- o Increase in training score component of CONASIDA evaluation in target states

## h. Performance Indicators and Annual Targets

### STRATEGIC OBJECTIVE 4: Enhanced Access, Quality and Sustainability of HIV/AIDS/STI Services and Information for Vulnerable Populations in Targeted Areas

<b>INDICATOR:</b> Proportion of health outlets in target states offering HIV/AIDS/STI information or services			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> National Population Council (CONAPO) records; facility-based assessment, NGO records	1999 Baseline		
<b>COMMENTS:</b> Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District	2000		
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Number of target states with a specific budget for HIV/AIDS/STIs			
<b>UNIT OF MEASURE:</b> Number (of states)	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CONASIDA supervision reports	1999 Baseline		
<b>COMMENTS:</b> Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District	2000		
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Percentage of clients correctly managed for STI/HIV in target states			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CONASIDA supervision reports, clinical records	1999 Baseline		
<b>COMMENTS:</b> WHO/GPA prevention indicator 6 "Correctly managed" means managed according to national guidelines Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District	2000		
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Number of linkages established among COESIDAS and NGOs in target states			
<b>UNIT OF MEASURE:</b> Number of joint activities, research projects, events	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> NGO records, state health department records, CONASIDA supervision reports	1999 Baseline		
<b>COMMENTS:</b> Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District	2000		
	2001		
	2002		
	2003		

**INTERMEDIATE RESULT 4.1: Improved HIV/AIDS/STI policy environment at the national and subnational level**

<b>INDICATOR:</b> Change in AIDS Policy Environment Score (APES) in target states			
<b>UNIT OF MEASURE:</b> Per cent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> AIDS Policy Environment Score	1999 Baseline		
<b>COMMENTS:</b> Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District.  The AIDS Policy Environment Score (APES) is an instrument designed to measure the policy environment that surrounds a national HIV/AIDS/STI program. The APES is composed of seven categories to assess the policy environment: political support, policy formulation, organizational structure, legal and regulatory environment, program resources, program components, and evaluation and research.  The APES will be conducted in target states at two year intervals over the life of the SO.	2000		
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Number of target states which include HIV/AIDS/STI in their basic health package			
<b>UNIT OF MEASURE:</b> Number (of states)	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CONASIDA supervision reports	1999 Baseline		0
<b>COMMENTS:</b>	2000		
	2001		
	2002		
	2003		

**INTERMEDIATE RESULT 4.2: Increased availability and use of data for policy development, program design and advocacy**

<b>INDICATOR:</b> Change in research and evaluation component of AIDS Policy Environment Score (APES) in target states			
<b>UNIT OF MEASURE:</b> Per cent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> AIDS Policy Environment Score	1999 Baseline		
<b>COMMENTS:</b> Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District.  The AIDS Policy Environment Score (APES) is an instrument designed to measure the policy environment that surrounds a national HIV/AIDS/STI program. The APES is composed of seven categories to assess the policy environment: political support, policy formulation, organizational structure, legal and regulatory environment, program resources, program components, and evaluation and research.  The APES will be conducted in target states at two year intervals over the life of the SO.  Baseline data has been collected for Yucatán, Guerrero and Mexico.	2000		
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Number of research activities undertaken			
<b>UNIT OF MEASURE:</b> Number of activities	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> Program records, RIMSIDA (AIDS Research database)	1999 Baseline		0
<b>COMMENTS:</b> Data will be collected on an on-going basis	2000		
	2001		
	2002		
	2003		

**INTERMEDIATE RESULT 4.3: Increased capacity of governmental and non-governmental partners to deliver HIV/AIDS/STI services and information**

<b>INDICATOR:</b> Number of non-traditional partners in target states starting or increasing involvement in HIV/AIDS prevention or care			
<b>UNIT OF MEASURE:</b> Per cent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> AIDS Policy Environment Score	1999 Baseline		0
<b>COMMENTS:</b> Target states include Guerrero, Yucatán, Mexico, Puebla, Oaxaca, Jalisco, Veracruz, and the Federal District.	2000	3	
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Increase in percentage of leading HIV/AIDS NGOs in target states with strategic plans			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> NGO records, assessment	1999 Baseline		
<b>COMMENTS:</b> Target states for the first year are the Federal District, Mexico, Guerrero and Yucatán.  An NGO assessment to establish baseline will be carried out in June 1998.	2000		
	2001		
	2002		
	2003		

<b>INDICATOR:</b> Increase in training score component of CONASIDA evaluation in target states			
<b>UNIT OF MEASURE:</b> Percent	<b>YEAR</b>	<b>PLANNED TARGETS</b>	<b>ACTUAL</b>
<b>SOURCE:</b> CONASIDA state evaluation reports	1999 Baseline		
<b>COMMENTS:</b> Data will be collected on an on-going basis	2000		
	2001		
	2002		
	2003		

## 4. TRANSITION PLAN FOR THE USAID/MEXICO POPULATION PROGRAM

USAID's population program in Mexico has been a central and very successful part of the USAID-Mexico relationship for more than twenty years. USAID assistance began after President Luis Echevarría proposed in 1974 to replace the pro-natalist population law of 1947 with policies to encourage family planning. Before USAID assistance began, fertility and population growth rates in Mexico were high and showed little change through time, with total growth rates of 3.22% in 1960 and 2.94% in 1974, and fertility rates of seven children per woman in 1960 to six per woman in 1974. By contrast, during the period of USAID assistance, total population growth in Mexico declined to an estimated 1.57% in 1998, and total fertility rate was decreased to an estimated 2.55 children per woman in 1998. Mexico's children have benefitted as well: infant mortality has improved substantially, from 66.4 per 1,000 live births in 1974 to approximately 25.7 in 1998. Although the direct impact of USAID assistance on these trends is difficult to isolate, measurable successes of the program strongly suggest its critical role in improving access to and quality of family planning services for men and women.

### 1. Conclusion of the population SO: Sustainable increase in contraceptive prevalence

USAID/Mexico's current population strategy under this SO began in 1992, with emphasis in three areas: family planning use, sustainability of family planning services, and quality of these services. Given the substantial successes achieved in contraceptive prevalence and concerns with quality of care, USAID/Mexico re-focused the implementation of this SO on its quality of care elements in December 1997, based on recommendations of the AA/LAC and AA/Global.

**Results.** The National Population Program of the GOM made significant progress during the implementation of the most recent Memorandum Of Understanding (MOU -1993-98) in the Strategic Objective of sustainable increase in contraceptive prevalence. The MOU partners - the Mexican Social Security Institute (IMSS), the Mexican Secretariat of Health (SSA), and the Mexican Social Security Institute for State Workers (ISSSTE), provide contraceptives to 70% of all users. Overall policy and sector coordination is the responsibility of the National Population Council (CONAPO), also an MOU partner. As a result of the effort of these four partners, a large and increasing percentage of the Mexican population uses contraception. In 1992, 58.2% of married women of reproductive age in target areas<sup>1</sup> were using contraception, and by 1996, this figure had increased to 64.8%.

IR 1: Increased availability of quality family planning services in target areas: Although

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<sup>1</sup>Target areas are the priority states identified in the 1992-1998 USAID/Mexico population strategy: Chiapas, Guanajuato, Guerrero, Hidalgo, Estado de México, Michoacán, Oaxaca, Puebla, and Veracruz.



concerns remain, the quality of services had improved due to strengthened technical competence, improved information given to clients by health care personnel, and expanded choice of contraceptive methods for clients. Attention had also been given to improving interpersonal skills, ensuring continuity and follow-up, and promoting an appropriate and wide range of services.

IR 2: Increased use of family planning services in target areas: Access to family planning had expanded due to 1) extensive training of providers; 2) implementation of different service delivery strategies; and 3) increased communication activities designed to reach special groups such as adolescents and rural populations.

IR 3: Increased sustainability of family planning delivery systems in target areas: The GOM has made significant progress toward achieving goals to strengthen sustainability identified at the beginning of the MOU. Progress is evident both generally, in GOM overall funding for the program, which increased from US\$63 million in 1992 to US\$611 million in 1997, and, more specifically, in providing for nearly 100% of contraceptive requirements.

**Implementation Review.** A mid-term review of implementation of the MOU, carried out in late 1996 by the Population Technical Assistance project, concluded the above progress had been made in the Intermediate Results, and recommended that even greater attention be placed on quality of care issues, and in particular, that:

- The official Mexican Family Planning Norms be updated to ensure a reproductive health and client perspective, and that these norms be disseminated to all facilities.
- Utmost priority be given to ensuring that all men and women seeking contraception receive adequate information and counseling, including obtaining informed consent from all men and women requesting surgical contraception and from women seeking postpartum IUD insertion.
- Institutional routines be re-organized to allow for a combination of providers to have several opportunities to inform, counsel, and provide post obstetrical event contraception during a woman's hospital stay.
- Informed consent forms for male and female voluntary surgical contraception be standardized across institutions, ensuring that sufficient supply of forms are available at all facilities, and that all personnel are adequately trained in the use of the forms.

**Conclusion of the SO.** Reviewing the progress made to date, and the challenges remaining in quality of care, USAID/Mexico is proposing to conclude the SO of sustainable increase in contraceptive prevalence. Activities under the family planning use IR will be concluding during FY 1998 as USAID's funding of private sector activities comes to a close in September 1998, and as the GOM institutionalizes activities begun with USAID funds to increase use of and access to family planning services. Sustainability of these services is not a concern in the public sector, in that in FY 1997, USAID funding represented 2% of overall

population funding. Private sector sustainability, however, is a more difficult issue: neither of the NGOs supported by USAID (MEXFAM and FEMAP) will be 100% sustainable at the time of close-out, yet we are confident that they will continue to survive and thrive, using their institutional capacity for generating income and securing funds from other donors.

<b>2. Proposed Special Objective:</b>	<b>Sustained improvement in the quality of reproductive health services</b>
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**a. Special Objective Statement, Development Hypothesis and Relation to Agency Goals and Objectives** (See Figure 10)

**Agency Goal 4:** World population stabilized and human health protected.

**Objective 4.1.2:** Unintended and mistimed pregnancies reduced, through improved quality, availability, acceptability, and sustainability of voluntary family planning services.

**Objective 4.1.3:** Unintended and mistimed pregnancies reduced, through improved policy environment for the provision of voluntary family planning and related reproductive health services.

**Mission SpO 1:** Sustained improvement in the quality of reproductive health services.

**Development Hypothesis:** Sustained improvement in the quality of reproductive health services will lead to more knowledgeable reproductive health clients and service providers, and will result in improved lives for Mexican men and women and stronger health institutions.

**Time Frame: October 1998-March 1999** (approximate date for completion)

As a result of an AA/LAC and AA/Global decision to focus the population program on quality of care and informed consent, USAID/Mexico proposes a special objective focusing on these areas. This decision was the result of a high-level USAID-GOM joint review carried out in December 1997. At that time, the GOM and the USG agreed that a concerted effort on improvements in quality of care and informed consent was the appropriate focus for the remainder of the bilateral cooperation.

Given current funding levels for FY 1998, and significant reprogramming of obligated, but uncommitted FY 1997 funds, no additional funding is required for this transition phase. In addition, the number of cooperating agencies providing support to the Mexico program through the Global Bureau will drop from fourteen to five, greatly reducing the monitoring and management burden for Global, LAC, and USAID/Mexico.

INSERT FIGURE 10 HERE. SpO<sub>2</sub> RESULTS  
FRAMEWORK

**b. Problem Analysis.** Given the Government of Mexico's and USAID's significant accomplishments to date in terms of use of family planning services, USAID/Mexico will conclude the previous program, which worked toward increasing contraceptive prevalence, and is now focusing on service quality. Despite the GOM's important advances to date in quality of care, especially in the Mexican Social Security Institute, and their clear commitment to informed choice for all Mexicans, there is still a need for sustained improvement in quality of care, particularly in:

- enhancing the knowledge of potential clients of reproductive health services and their rights so they can demand quality services;
- strengthening family planning clients' knowledge of informed choice and informed consent;
- improving *technical competence* of service providers, including ensuring a supportive and effective supervision system; and,
- promoting an *enabling policy* environment in order to further enhance reproductive health and quality of care, including updating and dissemination of national family planning norms, and assuring effective grievance procedures for individual complaints regarding reproductive health and compliance with informed consent procedures.

### **c. Critical Assumptions and Causal Relationships**

#### ***Critical Assumptions***

- No major economic setbacks in Mexico. Should this assumption not hold, then there is a real likelihood that GOM budget levels for reproductive health will be diminished, therefore resulting in loss of access to services by the population.
- Continued political commitment. It is possible (though not likely) that the elections in the year 2000 will result in an erosion of national government support for reproductive health programs.

#### ***Causal Relationships***

The Intermediate Results proposed are necessary steps toward achieving the Strategic Objective. The causal relationships between the Intermediate Results and the Strategic Objective are: the first IR will lead to greater quality of services in that an important element of quality is guaranteeing that services are client-oriented, thereby creating the need to assure that clients are aware of the types of services and information they can demand. The second IR will increase the quality of services by carrying out measures that promote clients awareness of their family planning and reproductive health choices. The third Intermediate Result leads to greater quality of services by assuring that family planning and reproductive health service providers are competent in providing these services, and in providing

information to their clients. The fourth Intermediate Result leads to ensuring greater sustainability of changes in quality, by assuring that systems are in place to monitor progress and evaluate performance in a systematic and timely manner.

**d. Commitment and Capacity of Development Partners.** This Special Objective is consistent with the action plan for population as outlined in the Government of Mexico's **National Population Program 1995-2000**. Inter alia the Program calls for safeguarding free and informed choice by providing counseling and information to users. Our development partners, the GOM institutions that implement this Program, are committed to assuring informed choice for all Mexicans. President Zedillo, in his September 1, 1997 State of the Nation Address reiterated the priority of making essential health services available to Mexicans who do not yet have them, and to improve the quality of health services overall. Other donors participating in family planning and reproductive health include the United Nations Population Fund, supporting public sector activities in five priority states, and the Government of Japan, supporting both public and private sector population projects.

**e. Illustrative Approaches**

*Special Objective: Sustained improvement in the quality of reproductive health services*

***Intermediate Result SpO1.1: Increased public awareness of reproductive health services and rights in order to improve the public's ability to exercise them***

Raise awareness through mass media campaigns and widespread dissemination of print material; print specialized materials such as posters and notices for service delivery facilities; and test strategies for reaching special populations, such as rural indigenous groups. Also, improve grievance procedures by expanding network of partner institutions, carry out operations research on flow of grievances from time of presentation to settlement; and test strategies for improving resolution.

***Intermediate Result SpO1.2: Increased knowledge of informed choice and informed consent by family planning clients***

Design, test and implement innovative strategies in information, education, and communication for users; strengthen institutional coordination so that messages and information are consistent in quality and content across institutions; improve monitoring, supervision, and evaluation of information, education, and communication materials and strategies.

***Intermediate Result SpO1.3: Increased technical competence of service providers in family planning technology, as well as counseling, informed consent, and reproductive rights***

Strengthen training programs for service providers through the design and implementation of innovative training strategies; strengthen and fully implement the strategy of regional training

centers; and ensure that the quality and content of training manuals are consistent across institutions, by promoting inter-institutional coordination.

***Intermediate Result SpO1.4: Sustained enabling institutional policy environment for client perspective-based quality of care***

Ensure that facilities have the tools necessary to correctly implement quality of care, while at the same time establishing clear supervision guidelines for correcting weaknesses; utilize data collection and research as a tool to monitor compliance, via technical audits of records; and test an epidemiological surveillance type system for improving reporting instances of alleged lack of adherence to informed consent.

**f. Judging Achievement of the Special Objective**

Monitoring and evaluation of these activities will be done by both the USG and the GOM. USAID/Mexico will carry out, with the GOM, an assessment of re-oriented program activities in August 1998 in order to provide necessary baseline information determine in the areas of quality of care and informed consent. Quality of care and informed consent indicators will be determined during this assessment, and it is proposed that this will be followed up by regular monitoring activities of the population strategy using the same baseline indicators, at intervals determined by the USG and the GOM, and at close-out. In addition, the USAID/Mexico cooperating agencies will continue their supervisory activities on a regular basis.

The GOM will also closely monitor attention to quality of care in their programs, as described in the December 1997 *Mexican Plan of Action for Improving Quality of Care and Strengthening Family Planning Information, Education, and Communication Activities*. The GOM Reproductive Health Interinstitutional Group is currently finishing the design of a system for periodic monitoring and evaluation of the quality of services, as well as for verifying achievements of the *Plan of Action*, the *National Population Program* and the *Reproductive Health and Family Planning Program*. Commitments include establishing institutional systems for monitoring and evaluation of the quality of family planning services, defining a set of quality indicators that are agreed upon and used by all the institutions, and developing operational procedures, indicators and parameters for creating and implementing a Monitoring and Evaluation System of the Quality of Family Planning Services.

Preliminary indicators and targets are presented below. Final decisions on indicators, baselines, and targets will be made in preparing the Performance Monitoring Plan following the August 1998 public sector assessment, and submitted to Global and LAC for their approval. To the extent possible, USAID/Mexico will utilize quality indicators already being used by the GOM in the quality monitoring systems.

***Special Objective: Sustained improvement in the quality of reproductive health services***

Possible indicator: Percentage of women receiving the contraceptive method of choice. An

underlying assumption here is that physical access (e.g. transportation) and commodities (i.e., contraceptives) are not significant problems. Given the time frame for working in the Special Objective, however, and the amount of time needed to affect change in and measure this indicator, it may be changed as a result of the August 1998 review.

***Intermediate Result Sp01.1: Increased public awareness of reproductive health services and rights in order to improve the public's ability to exercise them***

% of the population that recognize their reproductive rights

% of target audience exposed to program messages

No. of grievances received, processed, and settled

***Intermediate Result Sp01.2: Increased knowledge of informed choice and informed consent by family planning clients***

% of family planning users who have correct knowledge of contraceptive methods

% of family planning users reporting having received sufficient information from providers

% of family planning users reporting being satisfied with services received

***Intermediate Result Sp01.3: Increased technical competence of service providers in family planning technology, as well as counseling, informed consent, and reproductive rights***

% of service providers who know the contraindications and precautions, side effects, effectiveness, and use of contraceptive methods.

% of service providers who correctly implement their reproductive health counseling functions.

% of service providers who correctly honor people's reproductive rights

% of service providers who know and use the official family planning service provision norms.

***Intermediate Result Sp01.4: Sustained enabling institutional policy environment for client perspective-based quality of care***

% of facilities with updated family planning norms

% of facilities with appropriate informed consent records

Supportive and effective monitoring, supervision, and surveillance established and implemented.

### **III. RESOURCE REQUIREMENTS**

#### **A. Supporting Rationale**

U.S.-Mexican relations have improved markedly over the past year, but could become volatile at any time given Mexican sensitivities to issues of national sovereignty. The American public is becoming increasingly alarmed by perceived threats to the public well-being from Mexican migration, narcotics and crime; and this places pressure on U.S. elected representatives to address constituent concerns. On the positive side, we are seeing an unprecedented opening of the Mexican political system, accompanied by growing interest in working with the U.S. to obtain technical advice and expertise in areas that Mexicans believe they need. As we approach the 21st Century, both countries are well on their way to becoming equal development partners. We have learned that development assistance succeeds only where there is shared vision and equal commitment and participation of all partners. Thus, the Strategy proposes to target USAID resources on catalyzing Mexico's considerable human and financial resources and capacities to support and advance its own development initiatives in areas of shared interests. In addition, the Strategy depends on leveraging of other resources from credit mechanisms (DCA), multilateral finance institutions, bilateral partners and private business. The success of these partnerships requires the commitment of appropriate, adequate USAID resources.

#### **B. Program Resources Required for Proposed Strategy**

The Mission requests a total of \$60.3 million (see Table 1) for development assistance, economic support, and international narcotics control over the period FY 1999-FY 2003. The activities to be funded are fully consistent with LAC Bureau priorities and U.S. strategic interests in Mexico. Reductions in the Strategy's recommended funding levels would impair the Mission's ability to achieve its Intermediate Results and Strategic Objectives. The specific consequences of alternative funding scenarios for results and impact are presented in Section C of this chapter. The total estimated cost of the low option scenario (see Table 1) is \$47.6 million, or \$12.7 million less than the recommended program investment level over the 5-year life of the strategy. The low option funding figures are derived from the staff's assessment of minimum support levels required to achieve the SOs/SpOs and their defined IR performance targets.



**Table 1**  
**SUMMARY OF USAID/MEXICO**  
**REQUESTED PROGRAM RESOURCE PLANNING LEVELS FY 1999- FY 2003**  
**(US\$ Thousands)**

<u>Strategic Objective</u>	<u>Strategy Level</u>	<u>Low Option</u>
SO 1-2: ENVIRONMENT	28,300	23,372
SO 3: DEMOCRACY	26,250	20,750
SO 4: HIV/AIDS	<u>5,800</u>	<u>3,500</u>
<b>TOTAL</b>	<b>60,350</b>	<b>47,622</b>

The distribution of funding levels for the strategy period by type of resources (DA, ESF, and INC) for either the Mission's proposed strategy or the low funding option is indicated in Table 2. Table 3 presents the total annual request level by SO for each year of the strategy period.

Over the proposed strategy period, the USAID/Mexico program priorities by rank order of strategic importance are as follows: SO 1 - Environment: Critical ecosystems and biological resources conserved; SO 2 - Carbon dioxide emissions and pollution reduced; SO 3 - Democracy: Strengthened and more responsive democratic institutions and citizenry; and SO 4 - HIV/AIDS: Enhanced access, quality, and sustainability of HIV/AIDS services and information for vulnerable populations in targeted areas.

The rationale for ranking the selection of programmatic focus in this order is based on USAID Mexico's estimation at this time of which sectors are most likely to contribute toward the Agency's mission of sustainable development, possibilities of achieving sustained and significant impact with limited resources, and cognizance of Mexico's needs and our management unit's capabilities to make significant contributions to Mexico's development over the strategy period.

Table 2

**SUMMARY OF USAID\MEXICO  
REQUESTED PROGRAM RESOURCE PLANNING LEVELS BY ACCOUNTS  
(US\$ Thousands)**

<b><u>Resource Accounts</u></b>	<b><u>FY 1999-FY 2003</u></b>	
	<b><u>Strategy Level</u></b>	<b><u>Low Option</u></b>
<b>Development Assistance</b>		
SO 1-2 ENVIRONMENT	28,300	23,372
SO 3 DEMOCRACY	7,000	5,000
SO 4 HIV/AIDS	<u>5,800</u>	<u>3,500</u>
<b>Subtotal</b>	<b>41,100</b>	<b>31,872</b>
<b>Economic Support Funds</b>		
SO 3 DEMOCRACY	<u>12,500</u>	<u>10,750</u>
<b>Subtotal</b>	<b>12,500</b>	<b>10,750</b>
<b>Intern't Narcotics Control Funds</b>		
SO 3 DEMOCRACY	<u>6,750</u>	<u>5,000</u>
<b>Subtotal</b>	<b>6,750</b>	<b>5,000</b>
<b>TOTAL</b>	<b>60,350</b>	<b>47,622</b>

Table 3

**SUMMARY OF USAID\MEXICO  
REQUESTED ANNUAL PROGRAM RESOURCE PLANNING LEVELS  
FOR PROPOSED STRATEGY  
(US\$ Thousands)**

<b><u>Strategic Objectives</u></b>	<b><u>Strategy Period</u></b>				
	<b><u>FY 1999</u></b>	<b><u>FY 2000</u></b>	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>
SO 1-2 ENVIRONMENT	6,200	6,075	5,675	5,275	5,075
SO 3 DEMOCRACY	4,500	5,500	6,000	5,250	5,000
SO 4 HIV/AIDS	<u>1,000</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>	<u>1,200</u>
<b>TOTAL</b>	<b>11,700</b>	<b>12,775</b>	<b>12,875</b>	<b>11,725</b>	<b>11,725</b>

## C. Discussion of Strategy and Program Options

### *Environment Strategic Objective No. 1: Critical Ecosystems and Biological Resources Conserved*

### *Environment Strategic Objective No. 2: Carbon Dioxide Emissions and Pollution Reduced*

**Strategy:** The proposed Environmental Strategy, consistent with the Agency's new GCC Initiative, calls for a requested funding level of \$28.3 million during FY 1999-FY 2003 (see Table 4). Under this scenario, approximately 78-83% of these funds would be used to support the GCC Plus-Up Strategy. The strategy contemplates declining resource levels (\$8.335 million) through the remaining three-year life of the SO (2004-2006). The GCC Plus-Up Strategy calls for increasing the support level to priority GCC activities by approximately \$1.0 million per year, or a total of \$5.5 million between FY 1999-FY 2003 over the current FY 1998 GCC level (\$3.9 million). Given Mexico's strategic importance in reducing greenhouse gas emissions (one of the Agency's key GCC countries), a recent environment program assessment suggested that the Mission's GCC activities could be effectively raised to approximately \$5.0 million per year, yielding additional climate change mitigation impact. This would also clearly demonstrate support of the USG's position to assist developing countries with the greenhouse emissions problem. Particular activities to be benefitted under the strategy would be the DCA Initiative, Parks-in-Peril, pilot projects under the U.S. Initiative on Joint Implementation (USIJI) with the Mexico Climate Office, PRONATURA's national Joint Implementation forestry initiative, and the URI-Mayan Barrier Reef Program. A new DCA/GCC initiative would be created, linked to the LAC microenterprise BBEG program to attend funding constraints. Support of the Mission's proposed GCC Plus-Up Strategy will substantially increase its ability to achieve projected results in both SOs.

If the Strategy Plus-Up Scenario is accepted, we would add two new actions:

- 1) An internal strategic planning activity followed by a series of coordination actions to plan in greater depth GLOBAL/Center for Environment support for Mexico over the life of the SO. This is especially important for future Energy and GCC activities. Coordination will also be increased with other U.S. GCC agencies.

- 2) A Mission request for Development Credit Authority (DCA) resources of an additional \$1 million over 1998-1999 to support an enhanced GCC agenda over FY 1999-FY 2003. The Mexico GCC program is rapidly maturing, and future investments could increasingly be leveraged by credit (e.g. DCA) resources instead of being dependant upon DA funds. We propose here to explore in 1998-1999 the potential for such credit instruments (with USAID funding credit risk) to complement and eventually partially supplant our grant program. We have already begun to contact potential financial collaborators in this effort, such as Banamex (a private Mexican bank). Nevertheless, developing a credit program will pose substantial administrative and management challenges, requiring the cautious pilot approach that we advocate for the current strategy period. If the DCA mechanism works well in the initial phase, USAID/Mexico would begin to exchange DCA for DA monies beginning in FY 2000.

On the SO 1 or “green” side of the strategy, a funding level of \$3.3 million per year is requested through the year 2000. Subsequently, levels are proposed to decline to \$2.2 million per year, as parks and reserves graduate, and as other sources of funding in Mexico and international support comes on stream, including GEF, MDB and The Mexico Nature Conservation Fund.

Table 4

**USAID\MEXICO PLANNED PROGRAM RESOURCE PLANNING LEVELS  
BY STRATEGIC OBJECTIVE NOS. 1-2 - ENVIRONMENT  
(US\$ Thousands)**

<u>Resource Accounts</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>TOTAL</u>
<b>Development Assistance</b>						
<u>Strategy Option:</u>						
SO 1	3,405	3,180	2,780	2,480	2,280	<b>14,125</b>
SO 2	<u>2,795</u>	<u>2,895</u>	<u>2,895</u>	<u>2,795</u>	<u>2,795</u>	<b>14,175</b>
TOTAL	<b>6,200</b>	<b>6,075</b>	<b>5,675</b>	<b>5,275</b>	<b>5,075</b>	<b>28,300</b>
<u>Low Option:</u>						
SO 1	2,637	2,793	2,244	1,845	1,670	<b>11,189</b>
SO 2	<u>2,945</u>	<u>2,432</u>	<u>2,281</u>	<u>2,250</u>	<u>2,275</u>	<b>12,183</b>
TOTAL	<b>5,582</b>	<b>5,225</b>	<b>4,525</b>	<b>4,095</b>	<b>3,945</b>	<b>23,372</b>

**Low Option:** Should the new GCC initiative and supporting additional requested resources fail to materialize, USAID/Mexico requests that the environmental program be funded at a level not less than \$23.4 million over the strategy period. GCC activities would still be the centerpiece of the Mission's environmental strategy, representing 77% of the requested low option funding, or \$18 million. Planned consolidation of the portfolio would still occur under either scenario, with both GCC and biodiversity conservation activities being gradually phased out over the life of SOs 1 and 2 through 2006.

***Democracy Strategic Objective No. 3: Strengthened and More Responsive Democratic Institutions and Citizenry***

**Strategy:** The estimated cost of achieving our strategic democracy results over the five year period (FY 1999-FY 2003) is \$26.3 million, or slightly more than \$5.0 million per year (Table 5). The strategy calls for funding from ESF (elections, Congress, local governments, and ADR), INL (AOJ activities), and the LAC Bureau (program management, performance

monitoring, human rights, and to complement ESF). This funding, in partnership with USAID/Mexico, will support democratic reforms at this historic point in Mexico national development. A stable, sustainable economy, strong political system and flourishing democratic society in Mexico is among the U.S. Government's highest strategic interests. The stakes are far too high for us to forego the effort that is needed. The strategy calls for supporting Mexico's justice sector reform at both the federal and state levels and more effective and accountable national congress and local governments.

Table 5

**USAID\MEXICO PLANNED PROGRAM RESOURCE PLANNING LEVELS  
BY STRATEGIC OBJECTIVE NO. 3 - DEMOCRACY  
(US\$ Thousands)**

<b><u>Resource Accounts</u></b>	<b><u>FY 1999</u></b>	<b><u>FY 2000</u></b>	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>	<b><u>TOTAL</u></b>
<b><u>Strategy Option:</u></b>						
Development Assistance	1,250	1,500	1,500	1,500	1,250	<b>7,000</b>
Economic Supp't. Funds	2,000	2,500	3,000	2,500	2,500	<b>12,500</b>
Intern't Narcotics Control Funds	<u>1,250</u>	<u>1,500</u>	<u>1,500</u>	<u>1,250</u>	<u>1,250</u>	<b><u>6,750</u></b>
<b>TOTAL</b>	<b>4,500</b>	<b>5,500</b>	<b>6,000</b>	<b>5,250</b>	<b>5,000</b>	<b>26,250</b>
<b><u>Low Option:</u></b>						
Development Assistance	750	1,000	1,250	1,000	1,000	<b>5,000</b>
Economic Supp't. Funds	2,000	2,500	2,250	2,000	2,000	<b>10,750</b>
Intern't Narcotics Control Funds	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<b><u>5,000</u></b>
<b>TOTAL</b>	<b>3,750</b>	<b>4,500</b>	<b>4,500</b>	<b>4,000</b>	<b>4,000</b>	<b>20,750</b>

**Low Option:** The low scenario assumes that, over the strategy period, funding levels of USAID/Mexico's principal partners, State Department/ARA, INL, and LAC Bureau will be sustained at an annual level of \$4,500,000 over the second and third years declining to no less than \$4,000,000 per year in the final years. The implications of these lower levels of DA and ESF resources under this option are:

- limits on assistance for observation in state and local elections;
- no expansion of the pilot ADR reform program to the national level and only limited implementation at the state of Jalisco level;
- no model state court program possible;

- only limited support to strengthen the Mexican Congress and no assistance possible to state legislatures; and,
- no expansion of the Municipal Support Project to an additional pilot state and no significant leveraging possible with the World Bank Rural Infrastructure Project in the Southern Mexico.

***HIV/AIDS Strategic Objective No. 4: Enhanced Access, Quality, and Sustainability of HIV/AIDS Services and Information for Vulnerable Populations in Targeted Areas***

**Strategy:** To achieve USAID/Mexico's HIV/AIDS strategy, \$1.0 million per year is required over a 5 year period (see Table 6). Consistent with the Agency's HIV/AIDS Policy Guidance, the Strategy views the HIV/AIDS problem as one requiring long-term support, one which short-term relief will not successfully address. Depending on the level of progress over the period FY 1999-FY 2003, it is uncertain whether this level of support will be required in the outyears, or if reduced levels of U.S. assistance will suffice to effectively assist Mexican institutions in managing Mexico's growing HIV/AIDS problem.

The strategy targets two primary groups: mobile populations, and young people between the ages of 15-34, together constituting 37% of Mexico's existing population of 91 million. By emphasizing this population, the Strategy helps address the U.S. epidemic. Additionally, the factors that contribute to the target population's increasing vulnerability - poverty, marginalization, and inequality of access to basic services - contribute to the exacerbation of tensions in U.S. - Mexican bilateral relationship. The modest investment of \$1.0 million per year will ensure that at the policy and technical levels, USAID/Mexico's strategy will support Mexico's national AIDS organization, CONASIDA, and its efforts to mobilize a national response to address the HIV/AIDS epidemic.

Table 6

**USAID/MEXICO PROGRAM RESOURCE PLANNING LEVELS  
STRATEGIC OBJECTIVE NO. 4 HIV/AIDS  
(US\$ Thousands)**

<b><u>Resource Accounts</u></b>	<b><u>FY 1999</u></b>	<b><u>FY 2000</u></b>	<b><u>FY 2001</u></b>	<b><u>FY 2002</u></b>	<b><u>FY 2003</u></b>	<b><u>TOTAL</u></b>
<b>Development Assistance</b>						
<b><u>Strategy Option:</u></b>	1,000	1,200	1,200	1,200	1,200	<b>5,800</b>
<b><u>Low Option:</u></b>	700	700	700	700	700	<b>3,500</b>

**Low Option:** If the \$1.0 million per year cannot be maintained over the strategy period, a minimum of \$700,000 would be required to direct resources toward achieving IRs 1 and 3 - Improving the Policy Environment, and the Identification and Dissemination of Effective

Research and Operational Approaches to Reaching Mobile Populations and Youth. However, IR 2, "Strengthened NGO Capacity to Deliver HIV/AIDS/STI Information and Services", would be significantly reduced or even eliminated under the low funding scenario. The impact of cutting this IR is clear: Without the partnership of public institutions and local NGOs, the prospects of achieving a sustainable and effective response to the AIDS problem will be curtailed. This will reduce the prevention of HIV/AIDS among the most vulnerable groups of migrant populations, their families, and rural youth.

## **D. Program Management Requirements: Staff and Operating Expenses**

### **1. Critical Factors Shaping the Mission Request**

The following key factors should be reviewed to properly understand and judge the merits of USAID/Mexico program's request levels:

1. Mexico now ranks among the highest U.S. priority countries for reasons of national interest;
2. The Country Strategy exercise has lead to a sharper vision of USAID's role and relationship with Mexican partners;
3. Greater emphasis will be given to building closer donor coordination and leveraging of resources to achieve national replication of USAID pilot programs; and,
4. The new Strategy calls for upgrading USAID/Mexico's Management Unit capabilities, modernizing its operational equipment and enhancing its staff and training to respond to internal weaknesses.

### **2. Estimated Operating Expense (OE) Requirements**

Based on estimated program management requirements, total annual resources will increase from \$505,000 in FY 1999 to \$625,000 in FY 2003 (ICASS included), an increase of about 25%. USAID/Mexico estimates that the annual resources requested for each FY (see Table 7) will fund regular office operations (e.g. FSN salaries and benefits, residential rent and LQA, communications, etc.) at current levels (with the sole exception of FY 1999<sup>2</sup>). This permits coverage of the normal (NTE 25%) automatic increases in almost all local currency expenses, such as revisions to pay scales and devaluation- and inflation-induced adjustments in telephone costs and utilities. The largest component of the total request continues to be the FSNDH line item of the budget (approximately 55%) due mainly to the very technical and

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<sup>2</sup>For FY 1999 USAID/Mexico will be asking for a increase of \$64.0 to a new total of \$569.0 in order to cover anticipated expenses in connection with additional staff and increased travel.

specialized duties of our four FSNDH staff positions (average staff level is FSN 10).



# TABLE 7

## USAID/MEXICO OPERATING EXPENSES REQUIREMENTS (U.S. \$ Thousands)

		FY 99		FY 00		FY 01		FY 02		FY 03	
		Dollars	Total	Dollars	Total	Dollars	Total	Dollars	Total	Dollars	Total
11.1	Personnel compensation, full-time permanent	125.0	125.0	130.0	130.0	135.0	135.0	140.0	140.0	145.0	145.0
11.3	Personnel comp. - other than full-time permanent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation	65.0	65.0	68.0	68.0	70.0	70.0	73.0	73.0	75.0	75.0
11.8	Special personal services payments	60.0	60.0	80.0	80.0	85.0	85.0	70.0	70.0	75.0	75.0
12.1	Personnel benefits	19.0	19.0	25.0	25.0	23.0	23.0	25.0	25.0	27.0	27.0
13.0	Benefits for former personnel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21.0	Travel and transportation of persons	11.0	11.0	25.0	25.0	30.0	30.0	40.0	40.0	24.0	24.0
22.0	Transportation of things	4.0	4.0	7.0	7.0	8.0	8.0	9.0	9.0	10.0	10.0
23.2	Rental payments to others	65.0	65.0	67.0	67.0	68.0	68.0	70.0	70.0	72.0	72.0
23.3	Communications, utilities, and miscellaneous charges	23.0	23.0	25.0	25.0	27.0	27.0	30.0	30.0	33.0	33.0
24.0	Printing and Reproduction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.1	Advisory and assistance services	4.0	4.0	4.0	4.0	2.0	2.0	4.0	4.0	5.0	5.0
25.2	Other services	3.0	3.0	5.0	5.0	6.0	6.0	7.0	7.0	7.0	7.0
25.3	Purchase of goods and services from Government accounts	95.0	95.0	100.0	100.0	103.0	103.0	105.0	105.0	110.0	110.0
25.4	Operation and maintenance of facilities	3.0	3.0	4.0	4.0	5.0	5.0	6.0	6.0	7.0	7.0
25.6	Medical Care	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
25.7	Operation/maintenance of equipment & storage of goods	12.0	12.0	12.0	12.0	13.0	13.0	14.0	14.0	15.0	15.0
25.8	Subsistence and support of persons (by contract or Gov't.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26.0	Supplies and materials	3.0	3.0	4.0	4.0	5.0	5.0	3.0	3.0	4.0	4.0
31.0	Equipment	12.0	12.0	13.0	13.0	14.0	14.0	13.0	13.0	14.0	14.0
32.0	Lands and structures	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
42.0	Claims and indemnities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL BUDGET		505.0	505.0	570.0	570.0	595.0	595.0	610.0	610.0	625.0	625.0

REMARKS: NO TRUST FUNDS AVAILABLE IN AID/MEXICO

The increase from \$505,000 in FY 1999 to \$570,000 in FY 2000 is mainly due to the increase in the Personnel compensation and related benefits (\$34,000), to the change in the Travel and transportation of Persons (\$14,000) and to ICASS induced costs (\$5,000).

The increase from \$570,000 in FY 2000 to \$595,000 in FY 2001 is attributed to the increase in Personnel compensation and related benefits (\$10,000), Travel and transportation of Persons (\$5,000) and to ICASS (\$3,000).

The increase from \$595,000 in FY 2001 to \$610,000 in FY 2002 is related to the increase in Personnel compensation and related benefits (\$5,000) and to the change in Travel and Transportation of Persons (\$10,000).

The increase from \$610,000 in FY 2002 to \$625,000 in FY 2003 is due to the increase in Personnel compensation and related benefits (\$14,000).

### 3. Staffing Levels

All personnel directly involved in program implementation (see Table 8) in USAID/Mexico are already program funded; in this regard, it is not possible to shift from OE to program funding (as OE-funded positions perform essential support duties only) without a net reduction in the overall OE staff number. Total workforce is being straightlined for the strategy period (FY 1999-FY 2003) to 20 full-time positions, of which 9 are program funded.

The total of 20 full-time positions represents a increase of 5 positions from the current total (as of May 1998 there are 15 full-time positions) in line with additional resources requested. These positions are in the following areas:

SO3 Democracy

- 1 USPSC for Rule of Law
- 1 USPSC for Citizen Participation/Program Assistance
- 50% secretary

SO4 HIV/AIDS - 50% secretary

Organization Management/OE

- 1 Financial Assistant
- 1 Project Monitoring and Evaluation Specialist

# TABLE 8

## USAID/MEXICO WORKFORCE SCHEDULE

Funding Source	FY 98					FY 99					FY 00				
	USDH	US PSC	FNDH	FN PSC	Total	USDH	US PSC	FNDH	FN PSC	Total	USDH	US PSC	FNDH	FN PSC	Total
Total Authorized Posns.	2	7	4	7	20	2	7	4	7	20	2	7	4	7	20
Program Funded Posns.		6		3	9		6		3	9		6		3	9

Funding Source	FY 01					FY 02					FY 03				
	USDH	US PSC	FNDH	FN PSC	Total	USDH	US PSC	FNDH	FN PSC	Total	USDH	US PSC	FNDH	FN PSC	Total
Total Authorized Posns.	2	7	4	7	20	2	7	4	7	20	2	7	4	7	20
Program Funded Posns.		6		3	9		6		3	9		6		3	9

#### **4. Office Computer Equipment and Servicing**

For the period FY 1999-FY 2003, USAID/Mexico continues to budget travel funds for further training and technical assistance as may be needed to become a fully reengineered mission. In order to be Y2K compliance in accordance with IRM policy, USAID/Mexico has budgeted \$12,000 in FY 1999 to procure new Pentium PCs that adhere to the technical requirements to run this software (additional hardware and software will be procured under program funds). At the time these PC's become available, they will replace PCs that do not meet the minimum recommended configuration. USAID/Mexico is a non-Unix site. However, according to instructions from IRM, it is not yet clear when a new server will be procured for USAID/Mexico to run the new network operating system (Microsoft NT) and therefore this item is not budgeted here.

USAID/Mexico anticipates going out to the local market starting in FY 1998 in order to contract for hardware and software maintenance and servicing; total estimated cost is of \$10.0 but approximately half of this cost would be program funded, so only \$5.0 is being budgeted in the OE spreadsheets for the strategy period.

#### **5. ICASS/FAAS**

USAID/Mexico reviewed all services provided under the previous FAAS agreement with the Embassy in anticipation of performing in-house or transferring to the regional support staff in USAID/San Salvador as necessary. Currently, USAID/Mexico has undertaken much of the property and equipment maintenance services previously provided under FAAS, to include program-funded staff (housed in the same OE space within the Embassy) and receives the remaining services (office utilities, communications, office building maintenance and repairs, etc.), under the existing ICASS agreement.

The FY 1999-FY 2003 budget incorporates ICASS estimated costs (includes an estimate for FAAS/ICASS). For FY 1999 ICASS is being factored at \$90.0 which is less than the last FAAS bill (for FY 1997 the FAAS bill was of \$115.0).